

The Financial Commercial & Chronicle

INCLUDING

Bank & Quotation Section
Railway Earnings Section

Railway & Industrial Section
Bankers' Convention Section

Electric Railway Section
State and City Section

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Financial

THE FARMERS' LOAN & TRUST COMPANY

Foreign Exchange, Cable Transfers,
Letters of Credit, Payable through-
out the world

The Company is a legal depository for moneys paid into Court, and is authorized to act as Executor, Administrator, Trustee, Guardian, Receiver, and in all other fiduciary capacities.

Acts as Trustee under Mortgages made by Railroad and other Corporations, and as Transfer Agent and Registrar of Stocks and Bonds.

Receives deposits upon Certificates of Deposit, or subject to check, and allows interest on daily balances.

Manages Real Estate and lends money on bond and mortgage.

Will act as Agent in the transaction of any approved financial business.

Depository for Legal Reserves of State Banks and also for moneys of the City of New York.

Fiscal Agent for States, Counties and Cities.

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475 FIFTH AVENUE
NEW YORK

LONDON PARIS BERLIN

Established 1874.

John L. Williams & Sons BANKERS

Corner 8th and Main Streets
RICHMOND, VA.

Baltimore Correspondents:
MIDDENDORF, WILLIAMS & CO., Inc.

GARFIELD NATIONAL BANK

Fifth Avenue Building

Corner Fifth Ave. and 23rd St., New York.

Capital, \$1,000,000 Surplus, \$1,000,000

RUEL W. POOR, President.

JAMES McCUTCHEON, Vice-Pres.

WILLIAM L. DOUGLAS, 2d Vice-Pres.

ARTHUR W. SNOW, Cashier.

RALPH T. THORN, Asst. Cashier.

THE AMERICAN EXCHANGE NATIONAL BANK NEW YORK

Resources over \$75,000,000

First National Bank
Philadelphia, Pa.

CHARTER NO. 1

ACCOUNTS INVITED

Financial

HARVEY FISK & SONS

62 Cedar St.
NEW YORK

UNITED STATES GOVERNMENT, MUNICIPAL AND RAILROAD BONDS

Industrial bonds yielding high
returns and issued under mort-
gages conserving the principal.

Circular on Application

The National Park Bank of New York

Organized 1856.

Capital \$5,000,000 00
Surplus and Profits 14,500,000 00
Deposits Sept. 12, 1914 112,500,000 00

RICHARD DELAFIELD,
President.

GILBERT G. THORNE, JOHN C. McKEON,
Vice-President. Vice-President.

JOHN C. VAN CLEAF, WILLIAM O. JONES,
Vice-President. Vice-President.

MAURICE H. EWER, WILLIAM A. MAIN
Cashier. Asst. Cashier.

FRED'K O. FOXCROFT, LOUIS F. SAILER,
Asst. Cashier. Asst. Cashier.

GEO. H. KRETZ, Manager Foreign Dept.

THE

MECHANICS AND METALS NATIONAL BANK

60 WALL STREET

Capital \$5,000,000

Surplus and Profits \$9,000,000

Deposits \$110,000,000

Francis Ralston Welsh, BONDS

OF RAILROAD, GAS AND ELECTRIC
LIGHT AND POWER COMPANIES

109-111 SOUTH FOURTH STREET
PHILADELPHIA

Financial

THE LIBERTY NATIONAL BANK OF NEW YORK

139 BROADWAY

Capital \$1,000,000.00

Surplus & Profits \$2,828,046.76

HARRIS, FORBES & CO

Successors to

N. W. Harris & Co
NEW YORK

Pine Street, Corner William
NEW YORK

Act as fiscal agents for munici-
palities and corporations and
deal in Government, munici-
pal, railroad and public utility

BONDS FOR INVESTMENT

List on Application

Cable Address SABA, NEW YORK

EDWARD B. SMITH & CO.

Broad and Chestnut Streets,
PHILADELPHIA

27 Pine Street, NEW YORK

Investment Securities

Members N. Y. and Philadelphia Stock Exchanges

The Chase National Bank of the City of New York

United States Depository

Capital \$5,000,000

Surplus and Profits (Earned) 10,009,000

Deposits 125,906,000

OFFICERS

A. BARTON HEPBURN, Chairman.

ALBERT H. WIGGIN, President

SAMUEL H. MILLER, Vice-President

EDWARD R. TINKER Jr., Vice-President

HENRY M. CONKEY, Cashier

CHARLES C. SLADE, Asst. Cashier

EDWIN A. LEE, Asst. Cashier

WILLIAM E. PURDY, Asst. Cashier

ALFRED C. ANDREWS, Asst. Cashier

DIRECTORS

Henry W. Cannon

James J. Hill

Grant B. Schley

A. Barton Hepburn

John I. Waterbury

Albert H. Wiggin

George F. Baker Jr.

Francis L. Hine

John J. Mitchell

Investment Houses and Drawers of Foreign Exchange

J. P. MORGAN & CO.Wall Street, Corner of Broad
NEW YORK**DREXEL & CO., PHILADELPHIA**
Corner of 5th and Chestnut Streets**MORGAN, GRENFELL & CO., LONDON**
No. 22 Old Broad Street**MORGAN, HARJES & CO., PARIS**
31 Boulevard Haussmann

Securities bought and sold on Commission.

Foreign Exchange, Commercial Credits.

Cable Transfers.

Circular Letters for Travelers, available in all
parts of the world.**Brown Brothers & Co.,**

PHILA. NEW YORK. BOSTON.

59 Wall Street.

ALEX. BROWN & SONS, BALTIMORE.

Connected by Private Wire.

Mems. N. Y., Phila., Boston & Balt. Stock Exch.

Buy and sell first-class Investment Securities on commission. Receive accounts of Banks, Bankers, Corporations, Firms and Individuals on favorable terms. Collect drafts drawn abroad on all points in the United States and Canada; and drafts drawn in the United States on foreign countries, including South Africa. INTERNATIONAL CHEQUES.

CERTIFICATES OF DEPOSIT
Buy and sell Bills of Exchange and make cable transfers on all points. Issue Commercial and Travelers' Credits, available in all parts of the world.**BROWN, SHIPLEY & CO., LONDON****TAILER & CO**

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BANKERS**Investment Securities****Winslow, Lanier & Co.**

59 CEDAR STREET

NEW YORK

BANKERS.Deposits Received Subject to Draft. Interest
Allowed on Deposits, Securities
Bought and Sold on
Commission.**Foreign Exchange, Letters of Credit****Kean, Taylor & Co.****Investment Securities**80 Pine Street
NEW YORK134 So. La Salle St.
CHICAGO**John Munroe & Co.**

NEW YORK

BOSTON

Letters of Credit for Travelers

Commercial Credits.

Foreign Exchange

Cable Transfers.

MUNROE & CO., Paris**Maitland, Coppel & Co.**52 WILLIAM STREET
NEW YORKOrders executed for all Investment Securities.
Act as agents of Corporations and negotiate and
issue Loans.**Bills of Exchange, Telegraphic Transfers,
Letters of Credit**
onUnion of London & Smiths Bank, Limited,
London.

Messrs. Mallet Freres & Cie, Paris,

Banco Nacional de Mexico,

And its Branches.

Agents for the Bank of Australasia.

TRAVELERS' LETTERS OF CREDIT

Available throughout the United States

August Belmont & Co.

43 EXCHANGE PLACE, NEW YORK.

Members New York Stock Exchange.

Agents and Correspondents of the

Messrs. ROTHSCHILD,

London, Paris and Vienna.

ISSUE LETTERS OF CREDIT

for Travelers

Available in all parts of the world.

Draw bills of Exchange and make Telegraphic
Transfers to EUROPE, Cuba, and the
other West Indies, Mexico and California.Execute orders for the purchase and sale of
Bonds and Stocks.**BOISSEVAIN & CO.**24 BROAD STREET,
NEW YORK

Cable Transfers and Cheques on Holland

Adolph Boissevain & Co.,
Amsterdam, Holland.**Lawrence Turnure & Co.**64-66 Wall Street,
New York

Investment securities bought and sold on commission. Travelers' credits, available throughout the United States, Cuba, Puerto Rico, Mexico, Central America and Spain. Make collections in and issue drafts and cable transfers on above countries.

London Bankers:—London Joint Stock Bank,
Limited.Paris Bankers:—Banque Francalse—Helne
& Co.**NEW YORK****Produce Exchange Bank**

BROADWAY, Corner BEAVER ST.

Capital . . . \$1,000,000

Surplus earned . . . 500,000

Foreign Exchange bought and sold. Cable
Transfers. Commercial and Travelers' Letters of
Credit available in all parts of the world.

ACCOUNTS INVITED.

HEIDELBACH, ICKELHEIMER & CO.

37 William Street.

MEMBERS N. Y. STOCK EXCHANGE.

Execute orders for purchase and sale of
Stocks and Bonds.

Foreign Exchange Bought and Sold.

Issue Commercial and Travelers' Credits
available in all parts of the world.**Schulz & Ruckgaber**

15 William Street, - - - New York

Members New York Stock Exchange.

Correspondents of Messrs.:

Fruhling & Goschen, London.

John Berenberg-Gossler & Co., Hamburg.

Marcuard, Meyer-Borel & Cie., Paris.

Bremer Bank Filiale der Dresdner Bank,
Bremen.

Issue Commercial and Travelers' Credits.

Buy and Sell Bills of Exchange.

Cable Transfers & Investment Securities

Kidder, Peabody & Co.115 DEVONSHIRE STREET, BOSTON
17 WALL STREET, NEW YORK**Investment Securities
Commercial and Travellers
Letters of Credit**

Correspondents of

BARING BROTHERS & CO., LTD.
LONDON**J. & W. Seligman & Co.**

NEW YORK

Buy and Sell Investment Securities

Issue Letters of Credit for Travelers,
Available in all Parts of the WorldDRAW BILLS OF EXCHANGE AND MAKE
TELEGRAPHIC TRANSFERS OF MONEY TO
EUROPE AND CALIFORNIA.

Seligman Brothers, London

Seligman Freres & Cie., Paris

Alsberg, Goldberg & Co., Amsterdam

The Anglo and London-Paris National
Bank of San Francisco, Cal.**Redmond & Co**

33 Pine Street, New York

Receive accounts subject to Sight
Draft, allow interest on Accounts
and draw Drafts, Letters of Credit,
Travelers' Cheques and Cable
Transfers on all banking points.
Buy and sell Securities on Com-
mission and act as fiscal agents
for Corporations.

Members New York Stock Exchange.

HIGH-GRADE**Investment Securities****GRAHAM & Co.**

BANKERS

435 Chestnut Street
PHILADELPHIAGovernment and Municipal Bonds,
Securities of Railroads, Electric
Railways, Gas and Electric
Light and Power Companies
of established value.Foreign and Domestic Letters of Credit,
Travelers' Checks, Foreign Drafts.

Cable Address, "Graco," Philadelphia.

SIMON BORG & CO.,

Members of New York Stock Exchange

No. 20 Nassau Street - New York

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Investment and Financial Houses

Lee, Higginson & Co.**BOSTON****New York****Chicago****HIGGINSON & CO.**1 Bank Buildings, Princes Street,
LONDON, E. C.**Hornblower & Weeks****MEMBERS**NEW YORK AND
BOSTON STOCK EXCHANGES

42 BROADWAY, NEW YORK

Boston**Chicago**

Established 1888

Wm. Morris Imbrie & Co.

Established 1882

61 BROADWAY NEW YORK

Harris Trust Building, Chicago

Adrian H. Muller & Son**AUCTIONEERS**Office, No. 55 WILLIAM STREET
Corner Pine Street**Regular Weekly Sales**

OF

STOCKS and BONDS**EVERY WEDNESDAY**At the Exchange Sales Rooms
14-16 Vesey Street**LUDWIG & CRANE**

Successors to T. W. Stephens & Co.

Investment Securities

1 Wall Street

New York**BOND & GOODWIN****BANKERS**Corporation and Collateral Loans
Commercial Paper

also

INVESTMENT SECURITIESMembers New York Stock Exchange
and Boston Stock Exchange30 State St.
BOSTON111 Broadway
NEW YORK230 So. La Salle St.
CHICAGO**Wm. A. Read & Co.****Investment Securities**NASSAU AND CEDAR STREETS
NEW YORK**CHICAGO****PHILADELPHIA****BOSTON****LONDON****NEW YORK****CHICAGO****BOSTON****Goldman, Sachs & Co.**

Members of New York & Chicago Stock Exchanges

HERBERT GREEN & Co.**BANKERS****CHICAGO**
137 South La Salle St.**PARIS**
20 Rue Joubert**Financing****Railroad Bond Issues****Railroad Equipment Securities***Correspondence Invited.*

J. Herndon Smith

Charles W. Moore

William H. Burg.

SMITH, MOORE & CO.**Investment Bonds**

509 OLIVE ST.,

ST. LOUIS, MO.*We Specialize in the Securities
of Public Service Corporations***A. H. BICKMORE
& COMPANY**

111 BROADWAY

NEW YORK**HARPER & TURNER****INVESTMENT BANKERS****STOCK EXCHANGE BUILDING**

WALNUT STREET ABOVE BROAD

PHILADELPHIA

Members Philadelphia Stock Exchange

MILLETT, ROE & HAGEN**INVESTMENT SECURITIES****MEMBERS****NEW YORK STOCK EXCHANGE**52 WILLIAM ST.
NEW YORK15 CONGRESS ST.
BOSTON**N. W. Halsey & Co.**Government, Municipal, Railroad
and Public Utility Bonds*Fiscal Agents for Cities and Corporations*

49 Wall St., New York

Philadelphia

Chicago

San Francisco

London

Geneva

FISK & ROBINSON

26 Exchange Place

New York**Government Bonds****Investment Securities****WILLIAM P. BONBRIGHT & COMPANY**

Incorporated

14 WALL STREET, NEW YORK

PHILADELPHIA BOSTON DETROIT

LONDON—William P. Bonbright & Co.

PARIS—Bonbright & Co.

PUBLIC UTILITY SECURITIES**BONDS****STOCKS****INVESTMENT SECURITIES***Interviews and Correspondence Invited***FRANCIS, BRO. & CO.**

(Established 1877)

214 N. Fourth St., St. Louis, Mo.

CHARLES FEARON & CO.**BANKERS**Members (New York Stock Exchange
Philadelphia Stock Exchange)**INVESTMENT SECURITIES****GUARANTEED STOCKS AND BONDS**

Pennsylvania RR. System

Reading Railway System

333 Chestnut St., PHILADELPHIA

Foreign

DEUTSCHE BANK

BERLIN, W.

BEHRENSTRASSE 9 TO 13

CAPITAL AND RESERVE, \$100,000,000
M 420,000,000

Dividends paid during last ten years:

12, 12, 12, 12, 12, 12½, 12½, 12½, 12½, 12½%

BRANCHES:

Aix la Chapelle, Augsburg, Barmen, Berncastel-Cues, Bielefeld, Bocholt, Bonn, Bremen, Brussels, Chemnitz, Coblentz, Cologne, Cologne-Mulheim, Constantinople, Crefeld, Cronenberg, Darmstadt, Dresden, Düsseldorf, Elberfeld, Frankfurt-on-M., M.-Gladbach, Hagen, Hamburg, Hamm, Hanau, Leipzig, Meissen, Munich, Neheim, Neuss, Nuremberg, Offenbach, Paderborn, Remscheid, Rheidt, Saarbrücken, Solingen, Treves, Wiesbaden and the

Deutsche Bank (Berlin) London Agency
4 George Yard, Lombard St.,
LONDON, E. C.

Banco Aleman Transatlántico

(Deutsche Ueberseeische Bank)

CAPITAL \$7,143,000
(M 30,000,000)RESERVE \$2,272,800
(M 9,546,000)

HEAD OFFICE: BERLIN, Wilhelmstrasse 71

BRANCHES:

ARGENTINA: Bahia Blanca, Buenos Aires, Cordoba, Mendoza, Rosario de Santa Fé, Tucuman, La Paz, Oruro.
BOLIVIA: Antofagasta, Arica, Concepcion, Iquique, Osorno, Santiago, Temuco, Valdivia, Valparaiso.
PERU: Arequipa, Callao, Lima, Trujillo.
URUGUAY: Montevideo.
SPAIN: Barcelona, Madrid.

BANCO ALLEMÃO TRANSATLANTICO

BRAZIL: Petropolis, Rio de Janeiro, Santos, São Paulo.

Bills sent for collection, negotiated or advanced upon.

Drafts, cable-transfers and letters of credit issued. Private codes.

London Agents:

Deutsche Bank (Berlin) London Agency
George Yard, Lombard St.,
LONDON, E. C.

Direction der Disconto-Gesellschaft

ESTABLISHED 1851

BERLIN W., 42-44 Behrenstrasse
ANTWERPEN, BREMEN, ESSEN
FRANKFORT-O-M., MAINZ, SAARBRÜCKEN
CÖPENICK, CÜSTRIN, FRANKFORT-O-O.
HÖCHST-O-M., HOMBURG v. d. H.
OFFENBACH-O-M., ORANIENBURG
POTS DAM, WIESBADEN

LONDON, E. C.
53 CornhillCAPITAL \$71,428,571
M 300,000,000RESERVE about \$28,571,428
rund M 120,000,000

With the unlimited personal liability of the following partners:

Dr. A. SALOMONSOHN H. WALLER
M. SCHINCKEL Dr. E. MOSLER
Dr. E. RUSSELL Dr. H. FISCHER
F. URBIG G. SCHLIEPER
Dr. G. SOLMSEN

BRASILIANISCHE BANK FÜR DEUTSCHLAND

CAPITAL M. 15,000,000 00

Head office: HAMBURG.

Branches: RIO DE JANEIRO, SÃO PAULO, SANTOS, PORTO ALEGRE, BAHIA.

BANK FÜR CHILE UND DEUTSCHLAND

CAPITAL M. 10,000,000 00

HAMBURG, WITH BRANCHES IN CHILE (BANCO DE CHILE Y ALEMANIA), ANTOFAGASTA, CONCEPCION, SANTIAGO, TEMUCO, VALDIVIA, VALPARAISO, VICTORIA; AND IN BOLIVIA (BANCO DE CHILE Y ALEMANIA, SECCION BOLIVIANA), ORURO.

LONDON AGENTS.

DIRECTION DER DISCONTO-GESELLSCHAFT, 53 CORNHILL, E. C.

The Union Discount Co. of London, Limited

39 CORNHILL.

Telegraphic Address, Udisco, London.

Capital Authorized \$10,000,000
Capital Subscribed 8,500,000
Capital Paid-Up 4,250,000
Reserve Fund 4,000,000
\$5=£1 STERLING.

NOTICE IS HEREBY GIVEN that the RATES OF INTEREST allowed for money on deposit are as follows:

At Call 2 Per Cent.

At 3 to 7 Days' Notice, 2¼ Per Cent.

The Company discounts approved bank and mercantile acceptances, receives money on deposit at rates advertised from time to time, and grants loans on approved negotiable securities.

CHRISTOPHER R. NUGENT, Manager.

Anglo-Austrian Bank

Established 1864.

CAPITAL PAID UP \$20,000,000
(100 Million Crowns)RESERVE FUND \$45,000,000
(1130 Million Crowns)Head Office in Vienna: 1. Strauchgasse, 1.
London Office: 31 Lombard Street, E. C.

Branches in Austria-Hungary:

Aussig, Bodenbach, Brunn, Brux, Budapest, Czernowitz, Eger, Falkenau, Franzensbad, Graz, Gumund, Innsbruck, Johannesburg, Kaaden, Karbitz, Karlsbad, Karolinenthal, Klattau, Korneuburg, Laa, Linz, Lobositz, Marburg, Marienbad, Pardubitz, Pilsen, Pirano, Prag, Prossnitz, St. Poelten, Saaz, Teplitz, Tetschen, Trautenau, Trieste, Turn, Wels, Znaim.

BANCA COMMERCIALE ITALIANA

Head Office MILAN

Paid-up Capital \$25,000,000

Reserve \$11,640,000

BRANCHES IN ITALY:

ACIREALE, ALESSANDRIA, ANCONA, BABI, BERGAMO, BIELLA, BOLOGNA, BRESCIA, BUSTO ARSIZIO, CAGLIARI, CALTANISSETTA, CARRARA, CATANIA, COMO, CREMONA, FERRARA, FLORENCE, GENOA, LECCE, LECCE, LEGHORN, LUGCA, MESSINA, MESTRE, NAPLES, NOVARA, ONEGLIA, PADUA, PALERMO, PARMA, PERUGIA, PESCARA, PIACENZA, PISA, PRATO, REGGIO EMILIO, ROME, SALERNO, SALUZZO, SANT' AGNELLO, SAMPIERDARENA, SASSARI, SAVONA, SCHIO, SESTRI PONENTE, SYRACUSE, TERMINI IMERESE, TRAPANI, TRFVISE, TURIN, UDINE, VENICE, VERONA, VICENZA.

Agents in London for

BANQUE FRANCAISE ET ITALIENNE POUR L'AMERIQUE DU SUD: BUENOS AIRES, RIO DE JANEIRO, SAN PAULO, SANTOS, & C. LONDON OFFICE, 1 OLD BROAD ST., E. C. Manager, S. J. Bieber.

Swiss Bankverein

Schweizerischer Bankverein Bankverein Suisse

Basle, Zurich, St. Gall, Geneva, Lausanne

Agencies at Bienne, Aigle, Chiasso, Herisau, Rorschach.

LONDON OFFICE, 43 Lothbury, E. C.

West End Branch 11 Regent Street, Waterloo Place, S. W.

Capital paid up, Frs. 82,000,000

Surplus, Frs. 27,750,000

The National Discount Company, Limited

35 CORNHILL, LONDON, E. C.
Cable Address—Natdis, London.

Subscribed Capital \$21,166,625
Paid-up Capital 4,233,325
Reserve Fund 2,525,000
(\$5=£1 STERLING.)

NOTICE IS HEREBY GIVEN that the RATES OF INTEREST allowed for money on deposit are as follows:

At Call 2 Per Cent Per Annum.

At 3 to 7 or 14 Days' Notice, 2¼ Per Cent.

Approved bank and mercantile bills discounted. Money received on deposit at rates advertised from time to time and for fixed periods upon specially agreed terms.

Loans granted on approved negotiable securities.

PHILIP HAROLD WADE Manager.

BANK OF NEW SOUTH WALES

(Established 1817)

Paid-up Capital £3,500,000
Reserve Fund 2,450,000
Reserve Liability of Proprietors 3,500,000
£9,450,000

Total Assets, at 31st March, 1914 £50,545,720

Head Office, SYDNEY, NEW SOUTH WALES

London Office, 29 Threadneedle St., E. C.

LONDON DIRECTORS:

Sir Robert L. Lucas-Tooth, Bart., Chairman.
Sir Frederick Green H. L. M. Tritton, Esq.
David George, Mgr.

Halkerstone Meldrum, Asst. Mgr.

The Bank has 340 Branches and Agencies in the Australian States, New Zealand, Fiji, Papua (New Guinea), and London, and Agents and Correspondents all over the World, on whom the London Office grants Circular Letters of Credit and Circular Notes. Also issues Drafts on demand. Makes Mail and Cable Transfers. Negotiates and Collects Bills of Exchange. Receives Deposits for Fixed Periods, on terms which may be known on application, and transacts every description of Australian Banking Business. Wool and Produce Credits arranged.

Agents in New York: Standard Bank of South Africa, Ltd., 55 Wall Street.

THE UNION BANK OF AUSTRALIA Limited

Established 1837 Incorporated 1880

Capital:—
Authorized and Issued £6,000,000
Paid-up Capital £2,000,000 To—
Reserve Fund £1,930,000/gether £3,930,000
Reserve Liability of Proprietors £4,000,000

Total Capital and Reserves £7,930,000

The Bank has 40 Branches in VICTORIA, 37 in NEW SOUTH WALES, 21 in QUEENSLAND, 14 in SOUTH AUSTRALIA, 23 in WESTERN AUSTRALIA, 3 in TASMANIA and 42 in NEW ZEALAND and 1 Branch in PAPUA (BRITISH NEW GUINEA).

Head Office: 71 CORNHILL, LONDON, E. C.

Manager—A. C. Willis.

Assistant Manager—W. J. Fessenden.

Swiss Banking Association

ST. GALL—WINTERTHUR—ZURICH

Agencies in all principal Cities in Eastern Switzerland

Capital - - Fcs. 36,000,000

Surplus - - - 10,000,000

Cable Address "Bankunion"

Banking business transacted of every description.

Wiener Bank - Verein

ESTABLISHED 1869.

CAPITAL (fully paid) - - \$30,395,100

RESERVE FUNDS - - - \$9,726,444

HEAD OFFICE, VIENNA (Austria)

27 Vienna Branch Offices.

Branches in Austria-Hungary

Agram, Aussig a-E., Bielitz-Biala, Bozen, Brünn, Budapest, Budweis, Carlsbad, Czernowitz, Drohobycz, Friedek-Mistek, Graz, Innsbruck, Jägerndorf, Klagenfurt, Krakau, Lemberg, Mähr-Ostrau, Marienbad, Meran, Nowosielitza, Pardubitz, Pilsen, Prag, Prossnitz, Przemyśl, Salzburg, St. Pölten, Stanislaw, Tarnopol, Tarnow, Teplitz, Teschen, Villach, Wr. Neustadt and Zwittau.

Branches in Turkey

Constantinople, Smyrna

Hong Kong & Shanghai BANKING CORPORATION

Paid-up Capital (Hong Kong Currency) \$15,000,000
Reserve Fund (In Gold \$15,000,000) \$32,000,000
(In Silver 18,000,000)
Reserve Liabilities of Proprietors 15,000,000

GRANT DRAFTS, ISSUE LETTERS OF CREDIT, NEGOTIATE OR COLLECT BILLS PAYABLE IN CHINA, JAPAN, PHILIPPINES, STRAITS SETTLEMENTS, INDIA.

WADE GARDNER, Agent, 36 Wall St.

INTERNATIONAL BANKING CORPORATION.

No. 60 WALL ST. NEW YORK

CAPITAL & SURPLUS, \$6,500,000

Buy and Sell Sterling and Continental Exchange and Cable Transfers. Negotiate, Draw or Receive for Collection Bills on Points in the Orient. Issue Letters of Credit.

Branches at London, Bombay, Calcutta, Singapore, Canton, Hong Kong, Manila, Cebu, Shanghai, Peking, Hankow, Kobe, Yokohama, San Francisco, Panama, Colon.

Canadian

Canadian
Municipal Bonds

We invite correspondence
regarding Canadian Municipal
Debentures to yield from
5% to 6%

Wood, Gundy
& Co.

Toronto Saskatoon,
14 Cornhill, London, E.C.

"Canadian Financial Situation"

A brief Monthly Review, dealing with fundamen-
tals. Sent free on request to Firms and Investors.

Greenshields & Company

Members Montreal Stock Exchange.
Dealers in Canadian Bond Issues.

16 St. Sacramento St., Montreal; London, Eng.

Foreign

Berliner

Handels-Gesellschaft,
BERLIN, W., 64

Behrenstrasse 32-33 and Franzosische-Strasse 42
Telegraphic Address—Handelschaft, Berlin.

ESTABLISHED 1856

Banking Transactions of Every Description

Capital, - - - - M. 110,000,000

Reserve, - - - - M. 34,500,000

BANK OF HAVANA

76 CUBA STREET

CARLOS DE ZALDO, President
JOSE I. DE LA CAMARA, Vice-President

John E. Gardin }
Alvin W. Krech } New York Committee.
James H. Post }

Acts as Cuban correspondent of American
banks and transacts a general banking business.

Capital. \$1,000,000

NATIONAL BANK
OF CUBA

Capital, Surplus and
Undivided Profits - - } \$6,400,000
Assets - - - - - 38,000,000
Cash - - - - - 13,500,000

HEAD OFFICE—HAVANA

Branches

84 GALIANO ST., HAVANA.
232 MONTE ST., HAVANA.
PRODUCE EXCHANGE, HAVANA.
234 JESUS DEL MONTE ST., HAVANA.
CARDENAS, SAGUA LA GRANDE,
CIENFUEGOS, CAMAGUEY,
MANZANILLO, SANCTI SPIRITUS,
GUANTANAMO, CRUCES,
SANTA CLARA, HOLGUIN,
PINAR DEL RIO, COLON,
CAMAJUANI, PLACETAS,
CIEGO DE AVILA, TRINIDAD,
MATANZAS, SANTO DOMINGO,
SANTIAGO, GUINES,
CAIBARIEN, GIBARA

GUANABACOA
NEW YORK AGENCY—1 WALL ST.

Collections a Specialty.

Sole Depositary for the Funds of the Republic of
Cuba.

Members American Bankers' Association

Cable Address—Bancohac

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(Established 1817)

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September 23rd, 1914.

CHARLES E. POWELL, Cashier.

NOTICE.

Notice is hereby given that the Charles River National Bank, located at Cambridge in the Commonwealth of Massachusetts, is closing up its affairs. All note holders and others, creditors of said Association, are hereby notified to present their notes and other claims against the Association for payment.

GEORGE H. HOLMES, Cashier.

Dated at Cambridge, Mass., August 22, 1914.

The Miami Valley National Bank, located at Hamilton, Ohio, in the State of Ohio, is closing its affairs. All note holders and other creditors of the association are therefore hereby notified to present notes and other claims for payment.

Hamilton, Ohio, Sept. 25th, 1914.

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C. E. MASON, Cashier.

The First National Bank of Edina, located at Edina, in the State of Missouri, is closing its affairs. All note holders and other creditors of the association are therefore hereby notified to present the notes and other claims for payment.

M. F. CLOYD, Cashier

Dated September 14th, 1914.

The Olean National Bank, located at Olean, in the State of New York, is closing its affairs. All note-holders and other creditors of the association are therefore hereby notified to present the notes and other claims for payment.

O. A. KEENER, Cashier.

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Acts as Executor, Guardian, Trustee, Administrator and in all Fiduciary Capacities on behalf of Individuals, Institutions or Corporations.

Illinois Trust & Savings Bank

CHICAGO

Capital, Surplus and Undivided Profits - \$15,500,000

Pays interest on Time	Has on hand at all times a variety of ex-
Deposits, Current and Reserve	cellent Securities. Buys and sells
Accounts. Deals in Foreign Ex-	Government, Municipal and
change. Transacts a General Trust Business.	Corporation Bonds.

MELLON NATIONAL BANK
PITTSBURGH

Statement of September 12th, 1914

RESOURCES.

Loans and Investment Securities	\$45,015,018 39
Overdrafts	19 97
Due from Banks	5,702,441 76
Cash	7,267,540 98
	<u>\$57,985,021 10</u>

LIABILITIES.

Capital	\$6,000,000 00
Surplus and Undivided Profits	2,515,296 99
Circulating Notes	5,986,697 50
Deposits	43,483,026 61
	<u>\$57,985,021 10</u>

Acts as
Executor,
Trustee,
Administrator,
Guardian,
Receiver,
Registrar and
Transfer Agent.

Interest allowed
on deposits.

Girard Trust Company

PHILADELPHIA

Chartered 1836

CAPITAL and SURPLUS, \$10,000,000

E. B. Morris, President.

Financial

WANTED

East Liverpool Trac. & Light 5s
Territory of Arizona 3s & 5s
Emmett Irrigation Dist. 6s
Denver Union Water 5s
Topeka Water Co. 1st 5s
City of Astoria, Ore., 5s & 6s
Combination Bridge Co. 5s
Bijou Irrigation Dist. 6s
Kanawha Water & Light 5s
North Sterling Irr. Dist. 6s
Lewiston Brunswick & Bath 5s

H. C. SPILLER & CO.

INCORPORATED

Specialists in Inactive Bonds

37 State Street 63 Wall Street
Boston New York

New York City 6% Revenue Bonds
Bought, Sold and Quoted

NEWBORG & CO.

Members New York Stock Exchange.

60 BROADWAY, N. Y.

Telephone 4390 Rector.

PRIVATE WIRE TO ST. LOUIS

Clark L. Poole & Co.

Exclusive Specialists
in
Timber Land Bonds

Bank Floor Westminster Bldg.,
CHICAGO

H. M. Byllesby & Co.

Incorporated

NEW YORK CHICAGO TACOMA
Trinity Bldg. Cont. & Comm. Washington
Bank Bldg.

Purchase, Finance, Construct and
Operate Electric Light, Gas, Street
Railway and Water Power Prop-
erties.

Examinations and Reports
Utility Securities Bought and Sold

Financial

To the Holders of Certificates of Deposit
Representing

Five Per Cent Mortgage Gold Bonds
OF THE

Central Electric
Railway Company
(of Kansas City, Missouri)

DUE MAY 1, 1914.

The Committee representing the holders of bonds deposited under the agreement dated March 10, 1914, announces that it has arranged for the payment on November 1, 1914, at the office of THE NEW YORK TRUST COMPANY, 26 Broad Street, New York City, of interest on the Certificates of Deposit representing said bonds from May 1, 1914, to November 1, 1914, at the rate of six per cent per annum. Interest on undeposited bonds will be paid at the office of THE EQUITABLE TRUST COMPANY OF NEW YORK, 37 Wall Street, New York City. The certificates or the bonds (as the case may be) must be presented for endorsement thereon of such payment and must be accompanied by the certificates required by the regulations of the Internal Revenue Department under the Federal Income Tax Law.

Dated October 24, 1914.

JOHN B. DENNIS,
J. J. HANAUER,
JOHN J. STORROW,
W. K. WHIGHAM,

Committee.

C. M. TRAVIS, Secretary,
24 Broad Street, New York.

BYRNE & CUTCHEON, New York.
ROPES, GRAY, BOYDEN & PERKINS,
Boston, Counsel.

STONE & WEBSTER

SECURITIES OF
PUBLIC SERVICE CORPORATIONS

STONE & WEBSTER
ENGINEERING CORPORATION
CONSTRUCTING ENGINEERS

STONE & WEBSTER
MANAGEMENT ASSOCIATION
GENERAL MANAGERS OF
PUBLIC SERVICE CORPORATIONS

BOSTON
147 MILK STREET
NEW YORK CHICAGO
3 NASSAU ST. FIRST NAT. BANK BLDG.

Accountants

PARK, POTTER & CO.
CERTIFIED PUBLIC ACCOUNTANTS.

New York, Chicago, Cincinnati and
London, England
Watertown, N. Y., C. E. Scoville.

AUDITORS FOR FINANCIAL, INDUSTRIAL
AND MINING CORPORATIONS.

Investigations, Financial Statements,
Periodical Audits and Accounting.

Financial

ATLANTIC MUTUAL INSURANCE COMPANY.

New York, January 22d, 1914.
The Trustees, in conformity with the Charter of the Company, submit the following statement of its affairs on the 31st of December, 1913.

The Company's business has been confined to marine and inland transportation insurance.
Premiums on such risks from the 1st January, 1913, to the 31st December, 1913.....\$3,600,334 83
Premiums on Policies not marked off 1st January, 1913.....767,050 94

Total Premiums.....\$4,367,385 77
Premiums marked off from January 1st, 1913, to December 31st, 1913.....\$3,712,602 51

Interest on the Investments of the Company received during the year.....\$308,419 46
Interest on Deposits in Banks and Trust Companies, etc.....39,877 94
Rent received less Taxes and Expenses.....130,212 32 478,600 72

Losses paid during the year.....\$1,790,888 32
Less Salvages.....\$233,482 06
Re-insurances.....320,813 71
Discount.....47 58 554,343 35

Net Loss.....\$1,236,544 97

Returns of Premiums.....\$105,033 85
Expenses, including officers' salaries and clerks' compensation, stationery, advertisements, etc.....650,942 08

A dividend of interest of Six per cent on the outstanding certificates of profits will be paid to the holders thereof, or their legal representatives, on and after Tuesday the third of February next.

The outstanding certificates of the issue of 1908 will be redeemed and paid to the holders thereof, or their legal representatives, on and after Tuesday the third of February next, from which date all interest thereon will cease. The certificates to be produced at the time of payment and canceled.

A dividend of Forty per cent is declared on the earned premiums of the Company for the year ending 31st December, 1913, which are entitled to participate in dividend, for which, upon application, certificates will be issued on and after Tuesday the fifth of May next.

By order of the Board,

G. STANTON FLOYD-JONES, Secretary.

JOHN N. BEACH,
ERNEST C. BLISS,
WALDRON P. BROWN,
JOHN CLAFLIN,
GEORGE C. CLARK,
CLEVELAND H. DODGE,
CORNELIUS ELBERT,
RICHARD H. EWART,
PHILIP A. S. FRANKLIN,
HERBERT L. GRIGGS,
ANSON W. HARD,

TRUSTEES.
SAMUEL T. HUBBARD,
THOMAS H. HUBBARD,
LEWIS CASS LEDYARD,
WILLIAM H. LEFFERTS,
CHARLES D. LEVERICH,
GEORGE H. MACY,
NICHOLAS F. PALMER,
HENRY PARISH,
ADOLF PAVENSTEDT,
JAMES H. POST,

CHARLES M. PRATT,
DALLAS B. PRATT,
ANTON A. RAVEN,
JOHN J. RIKER,
DOUGLAS ROBINSON,
WILLIAM J. SCHIEFFELIN,
WILLIAM SLOANE,
LOUIS STERN,
WILLIAM A. STREET,
GEORGE E. TURNURE,
RICHARD H. WILLIAMS,

A. A. RAVEN, President,
CORNELIUS ELBERT, Vice-President,
WALTER WOOD PARSONS, 2d Vice-President,
CHARLES E. FAY, 3d Vice-President.

ASSETS.		LIABILITIES.	
United States and State of New York Bonds.....	\$670,000 00	Estimated Losses and Losses Unsettled in process of Adjustment.....	\$1,806,024 00
New York City and New York Trust Companies and Bank Stocks.....	1,783 700 00	Premiums on Unterminated Risks.....	654,783 26
Stocks and Bonds of Railroads.....	2,737 412 00	Certificates of Profits and Interest Unpaid.....	264,136 25
Other Securities.....	282,520 00	Return Premiums Unpaid.....	108,786 90
Special Deposits in Banks and Trust Companies.....	1,000,000 00	Reserve for Taxes.....	28,905 88
Real Estate cor. Wall and William Streets and Exchange Place, containing offices and Exchange Place, containing offices.....	4,299,426 04	Re-insurance Premiums.....	221,485 06
Real Estate on Staten Island (held under provisions of Chapter 481, Laws of 1887).....	75,000 00	Claims not Settled, including Compensation, etc.....	70,709 43
Premium Notes.....	475,727 45	Certificates of Profits Ordered Redeemed; Withheld for Unpaid Premiums.....	22,556 09
Bills Receivable.....	605,891 79	Certificates of Profits Outstanding.....	7,240,320 00
Cash in hands of European Bankers to pay losses under policies payable in foreign countries.....	177,881 39		
Cash in Bank.....	636,465 49		
Temporary Investments (payable January and February, 1914).....	505,000 00		
Loans.....	10,000 00		
	\$13,259,024 16		\$10,617,796 87

Thus leaving a balance of.....\$2,841,227 29
Accrued interest on the 31st day of December, 1913, amounted to.....\$51,650 26
Rents due and accrued on the 31st day of December, 1913, amounted to.....28,378 26
Re-insurance due or accrued, in companies authorized in New York, on the 31st day of December, 1913, amounted to.....166,830 00
Unexpired re-insurance premiums on the 31st day of December, 1913, amounted to.....55,903 23
Note: The Insurance Department has estimated the value of the Real Estate corner Wall and William Streets and Exchange Place in excess of the Book Value given above, at.....450,573 96
And the property at Staten Island in excess of the Book Value, at.....63,700 00
The Market Value of Stocks, Bonds and other Securities on the 31st day of December, 1913, exceeded the Company's valuation by.....1,268,075 10
On the basis of these increased valuations the balance would be.....\$4,926,338 09

Hand Book of Securities

The Hand-Book is issued to Banks, Bankers, Investment Dealers and others with their cards lettered in gilt on the outside cover (not less than 25 copies to one address) at special rates.

Price of Single Copies \$1.00
To Subscribers of the Chronicle 75

Commercial & Financial Chronicle

138 Front Street, New York.

Financial

To the Holders of

The Hocking Valley Railway Company

One-Year 5% Gold Notes, Due November 1, 1914

Notice is hereby given that the above Notes will be paid on and after November 1, 1914, on presentation and surrender of the same at the office of the Company, 71 Broadway, New York. In order to provide the funds required to pay the above Notes, this Company has sold to Kuhn, Loeb & Co. and The National City Bank of New York, a new issue of \$4,000,000 face value of One-Year 6% Gold Notes, due November 1, 1915. Holders of the maturing Notes are referred to the advertisement of Kuhn, Loeb & Co. and The National City Bank of New York, printed hereunder, for the terms on which maturing Notes may be exchanged for the new Notes.

THE HOCKING VALLEY RAILWAY COMPANY,
By JAMES STEUART MACKIE, Treasurer.

New York, Oct. 19, 1914.

Referring to the above notice of The Hocking Valley Railway Company, the undersigned offer to holders of that Company's One-Year 5% Notes, due November 1, 1914, the privilege of exchanging the same for the new One-Year 6% Notes, due November 1, 1915.

A cash payment of \$7.50 in respect of each \$1000 Note exchanged will be made to holders accepting the offer of exchange.

Holders desiring to avail of this offer should deposit their Notes with either of the undersigned. The coupon due November 1, 1914, should be detached and collected at maturity. This offer is subject to withdrawal without notice.

KUHN, LOEB & CO.

William & Pine Sts.

New York, Oct. 19, 1914.

THE NATIONAL CITY BANK

55 Wall Street

TO THE HOLDERS OF

CHICAGO PEORIA & ST. LOUIS RAILROAD CO.

General and Refunding Four and One-Half Per Cent Gold Bonds Due December 1, 1939

Receivers having been appointed for the Company, the undersigned, representing a majority of the bonds of this issue, have consented to act as a Committee for the purpose of protecting the interests of all the holders who shall deposit their bonds.

Bondholders are requested to deposit their bonds, with coupons due June 1, 1914, and subsequently, attached, immediately with the Bankers Trust Company, No. 14 Wall Street, New York City.

GRAHAM ADAMS, Secretary,
30 Broad Street, New York City.
WHITE & CASE, Counsel.

FREDERICK J. LISMAN, Chairman,
ALFRED SHEPHERD,
Committee.

BANKERS TRUST COMPANY, Depository.

LOUISVILLE & NASHVILLE RAILROAD CO.

71 Broadway, New York, October 22nd, 1914.
In accordance with the terms of the Mortgage of the Evansville Henderson & Nashville Division of this Company, the following one hundred and ten (110) bonds have this day been drawn for the Sinking Fund, viz.:

17	283	601	887	1327	1720	2040
34	294	612	901	1330	1762	2046
59	308	617	991	1344	1791	2074
74	309	633	1008	1397	1797	2155
77	331	641	1026	1423	1814	2190
113	335	659	1063	1428	1826	2217
133	343	763	1066	1456	1832	2227
138	367	779	1099	1517	1868	2237
149	439	782	1107	1538	1893	2246
197	440	809	1149	1554	1920	2255
212	472	824	1192	1568	1928	2266
217	473	828	1223	1596	1948	2271
226	496	835	1233	1605	1951	2325
245	545	851	1247	1648	1967	2358
250	563	866	1257	1665	1991	
277	570	882	1306	1680	2037	

The interest on the same will cease December 1st, 1914, and the principal of the bonds, plus ten per cent premium, will be redeemed at this office on and after that date.

E. L. SMITHERS, Assistant Treasurer.

SOUTHWESTERN COAL & IMPROVEMENT COMPANY.

First Mortgage Bonds.

Sealed proposals will be received at the office of The Farmers' Loan & Trust Company, Nos. 16-22 William Street, New York City, for the sale to the Trustee, in accordance with the provisions of the mortgage of the 1st of July, 1899, of a sufficient amount of bonds to consume \$154,594.96, in the Sinking Fund at a price not exceeding par and accrued interest. Income tax on such accrued interest will be withheld in case of taxable persons, and ownership certificates as prescribed by Income Tax Treasury Regulations will be required with current coupons. The right is reserved, however, to reject any bids.

Proposals must be presented before 12 o'clock M. on the 3rd day of November, 1914, and should be directed as follows:

"Proposals to Sinking Fund of the Southwestern Coal & Improvement Company, The Farmers' Loan & Trust Company, 16-22 William Street, New York City."

THE FARMERS' LOAN & TRUST

COMPANY, Trustee.

By EDWIN S. MARSTON, President.

New York, October 5, 1914.

Meetings

FIRST PREFERRED DIVIDEND NOTICE NO. 1.

PACIFIC GAS & ELECTRIC CO.
A meeting of the Board of Directors has been called for 12:00 o'clock noon, October 31, 1914, for the purpose of declaring a dividend (No. 1) of \$1.50 per share upon the full-paid First Preferred Capital Stock of this company for the quarter ending October 31, 1914, payable on November 16, 1914, to stockholders of record at 12:00 o'clock noon, October 31, 1914. Checks for the dividend will be mailed. The Transfer Books will not close and owners desiring checks payable to themselves should have stock certificates issued in their own names on or before the last-mentioned date.

D. H. FOOTE, Secretary of the
PACIFIC GAS & ELECTRIC COMPANY,
San Francisco, California, October 10, 1914.

ORIGINAL PREFERRED DIVIDED NOTICE NO. 35.

PACIFIC GAS & ELECTRIC CO.
A meeting of the Board of Directors has been called for 12:00 o'clock noon, October 31, 1914, for the purpose of declaring a dividend (No. 35) of \$1.50 per share upon the Original Preferred Capital Stock of this Company, for the quarter ending October 31, 1914, payable on November 16, 1914, to Stockholders of record at 12:00 o'clock noon, October 31, 1914. Checks for the dividend will be mailed. The Transfer Books will not close and owners desiring checks payable to themselves should have stock certificates issued in their names on or before the last-mentioned date.

D. H. FOOTE, Secretary of the
PACIFIC GAS & ELECTRIC COMPANY,
San Francisco, California, October 10, 1914.

For Sale

FOR SALE—VALUABLE STOCK
50 SHARES—GREAT BARGAIN
Preferred pays 7%, Common 3%. The company is the largest and best known in its line. Has no debts and enough money now in bank and open accounts to pay the next 3 dividends. Makes and imports its own goods. Those who want a strong, safe and sure investment, one that will stand the closest investigation by your own banker, should not overlook this. Will sell all or part. Must have money. Address K. M., care of Commercial and Financial Chronicle, P. O. Box 958, New York, N. Y.

Financial

Maine Fur Ranching Company

Beautiful ranch property.
Pure pedigreed silver-black
foxes. Reliable directorate.
Limited amount stock to sell.

Shares \$25 each

Write for particulars

"H. O.," Rockland, Me.

BERGEN COUNTY, N. J., Bridge 4½s

Maturing July 1, 1931

And other High-Grade Municipal Bonds

List Upon Application

R.M. GRANT & CO.

Bankers

NEW YORK CHICAGO
31 Nassau St. 111 W. Monroe St.

Investment Problems

This is a time to scrutinize your investments carefully and seek the best advice in connection therewith.

We have NOTHING TO SELL, but are interested only in what will best meet the special requirements of each individual customer.

Closing prices of all securities furnished on request.

Send for our pamphlet SHIFTING OF INVESTMENTS.

SCHMIDT & GALLATIN

Members of the New York Stock Exchange
111 Broadway, New York

Wanted

WANTED

A GENTLEMAN, 33 years of age, married; Bachelor of Arts; Bachelor of Laws; thoroughly conversant with English and French languages; having wide experience in International Banking business, desires position with large Financial Institution. Address, "Bachelor," care C. & F. Chronicle, P. O. Box 958, New York City.

Wanted—By Bond House, first-class salesman with established clientele in high-grade bonds and with a thorough knowledge of this type of security. Please state experience, which information will be treated confidentially. Address "Bond," P. O. Box 822, N. Y. City.

For Exchange.

For exchange for C. P. M. RR. shares or other securities, a few International Great Northern secured deposited notes; Very moderate terms. Apply P. M. B., care Chronicle, P. O. Box 958, New York.

Dividends

THE OHIO TRACTION COMPANY.

A dividend of 1¼% has been declared on the preferred capital stock of this Company, payable November 2nd, 1914, to stockholders of record at the close of business October 26th, 1914. Transfer books do not close.

Cincinnati, Ohio, Oct. 22nd, 1914.

WALTER A. DRAPER, Secretary.

Financial

Pacific Gas and Electric Company

Inviting Tenders of \$2,500,000 One-Year 5% Gold Notes

Notice is hereby given that the Pacific Gas and Electric Company will purchase and accept delivery as of October 31st, 1914, at the lowest prices offered of \$2,500,000 Par Value of its One-Year Five Per Cent Gold Notes maturing March 25th, 1915, being part of an outstanding issue of \$7,000,000.

Owners of these notes desiring to offer them for sale are invited to forward sealed tenders (marked on outside "Tender of Pacific Gas and Electric Company Notes") to Bankers Trust Company, 16 Wall Street, New York City, on or before October 27th, 1914. Tenders must specify the numbers and amount par value of notes, and prices at which they are offered. The Committee in charge will add accrued interest to and including October 31st, 1914, amounting to \$5 per \$1,000 note, and prices named in tenders should therefore be exclusive of accrued interest.

A committee consisting of representatives of **Bankers Trust Company, N. W. Halsey & Company, and Harris, Forbes & Company**, acting for the undersigned, will supervise this transaction and shall have the right to accept or reject any or all bids in whole or in part and tenders must be made with this understanding.

Payment will be made in New York funds at the office of Bankers Trust Company, New York City.

Pacific Gas and Electric Company

By A. F. Hockenbeamer,

Vice-President and Treasurer.

Dividends

FALL RIVER GAS WORKS COMPANY,

Fall River, Massachusetts.
DIVIDEND NO. 80.

A quarterly dividend of \$3.00 PER SHARE has been declared on the capital stock of Fall River Gas Works Company, payable November 2, 1914, to stockholders of record at the close of business October 22, 1914.

STONE & WEBSTER,
Transfer Agents.

THE PULLMAN COMPANY.

DIVIDEND NO. 191.

A quarterly dividend of TWO DOLLARS PER SHARE from net earnings will be paid November 16th, 1914, to stockholders of record at close of business October 31st, 1914. Checks will be mailed.

A. S. WEINSHEIMER, Secretary.
Chicago, October 20, 1914.

PACIFIC POWER & LIGHT CO.

Portland, Oregon.

PREFERRED STOCK DIVIDEND NO. 17.
The regular quarterly dividend of ONE AND THREE-FOURTHS (1 $\frac{3}{4}$ %) PER CENT has been declared on the Preferred Stock of PACIFIC POWER & LIGHT COMPANY for the quarter ending October 31, 1914, payable November 1, 1914, to stockholders of record at the close of business on October 23, 1914.

E. P. SUMMERSON, Treasurer.

MUNICIPAL SERVICE COMPANY.

PREFERRED STOCK DIVIDEND.

Boston, October 21, 1914.

A quarterly dividend of 1 $\frac{1}{4}$ % on the Preferred stock of the Municipal Service Company has been declared payable November 2nd, 1914, to stockholders of record at the close of business October 23d, 1914.

BAKER, AYLING & COMPANY,
Transfer Agents.

BELLOWS FALLS POWER COMPANY.

PREFERRED STOCK DIVIDEND.

Boston, October 21, 1914.

A semi-annual dividend of 2 $\frac{1}{4}$ % on the Preferred stock of the Bellows Falls Power Company has been declared, payable November 2nd, 1914, to stockholders of record at the close of business October 27th, 1914.

BAKER, AYLING & COMPANY,
Transfer Agents.

ILLUMINATING & POWER SECURITIES CORPORATION.

Regular quarterly dividend No. 9 of 1 $\frac{1}{4}$ % for the quarter ending October 31, 1914, has been declared on the preferred stock of this Corporation, payable November 16, 1914, to stockholders of record at the close of business on October 31st.

W. F. POPE, Secretary.
October 13, 1914.

Dividends

THE ATCHISON TOPEKA & SANTA FE RAILWAY COMPANY.

New York, October 6, 1914.

The Board of Directors has declared a dividend (being Dividend No. 38) on the COMMON STOCK of this Company of ONE DOLLAR AND FIFTY CENTS (\$1.50) per share, payable December 1, 1914, out of surplus net income to holders of said COMMON Stock registered on the books of the Company at the close of business on October 30, 1914. Dividend cheques will be mailed to holders of COMMON Stock who file suitable orders therefor at this office.

C. K. COOPER, Assistant Treasurer.
5 Nassau Street, New York City.

E. W. CLARK & CO., Bankers.

Office of the

GRAND RAPIDS RAILWAY CO.

PREFERRED DIVIDEND NO. 56.

The Board of Directors of the Grand Rapids Railway Co. has declared the regular quarterly dividend of One and one-quarter per cent (1 $\frac{1}{4}$ %) upon the Preferred stock of the Company, payable November 2nd, 1914, to stockholders of record at the close of business October 15th, 1914. Checks will be mailed.

L. J. DE LAMARTER, Secretary.

E. W. CLARK & CO., Bankers.

Office of the

COLUMBUS RAILWAY, POWER & LIGHT CO.

COMMON STOCK DIVIDEND NO. 3.

The Board of Directors of The Columbus Railway, Power & Light Co. has declared a dividend of One and one-quarter per cent (1 $\frac{1}{4}$ %) upon the Common Stock of the Company, payable November 2nd, 1914, to stockholders of record at the close of business October 21st, 1914. Checks will be mailed.

P. V. BURLINGTON, Secretary.

E. W. CLARK & CO., Bankers.

Office of the

COLUMBUS RAILWAY, POWER & LIGHT CO.

PREFERRED STOCK SERIES B,

DIVIDEND NO. 3.

The Board of Directors of The Columbus Railway, Power & Light Co. has declared the regular quarterly dividend of One and one-quarter per cent (1 $\frac{1}{4}$ %) upon the Preferred stock Series B of the Company, payable November 2nd, 1914, to stockholders of record at the close of business October 17th, 1914. Checks will be mailed.

P. V. BURLINGTON, Secretary.

TEXAS POWER & LIGHT CO.

PREFERRED STOCK DIVIDEND NO. 10.

The regular quarterly dividend of One and Three-Quarters (1 $\frac{3}{4}$ %) Per Cent on the Preferred Stock of the TEXAS POWER & LIGHT COMPANY has been declared, payable November 2, 1914, to stockholders of record at the close of business October 24, 1914.

C. E. CALDER, Secretary.

Dividends

SOUTHERN RAILWAY COMPANY.

30 Church St., New York, October 9, 1914.

A scrip dividend of 2 per cent (2%) has this day been declared on the PREFERRED STOCK of Southern Railway Company, payable to stockholders of record at the close of business on October 31, 1914, in dividend certificates maturing November 1, 1919, and bearing interest from November 1, 1914, at the rate of 4% per annum. Interest on certificates for the amount of \$100 will be payable semi-annually, in accordance with coupons thereto attached. Interest on certificates for less than \$100 will be payable at maturity, but such fractional certificates in amounts aggregating \$100 will be exchangeable for \$100 certificates bearing semi-annual coupons. Dividend certificates will be mailed by Messrs. J. P. Morgan & Co., Fiscal Agents, on December 10, 1914.

F. S. WYNN, Secretary.

15 Broad St., New York, October 9, 1914.

On December 10, 1914, the Voting Trustees for Preferred Stock Trust Certificates of the Southern Railway Company will be prepared to distribute such of the above dividend certificates as are received by them among the parties entitled thereto, as same appear of record on their books at the close of business October 31, 1914.

J. P. MORGAN & CO.,
Agents for Voting Trustees.

New York, October 20, 1914.

At a meeting of the Board of Directors of GEORGIA SOUTHERN & FLORIDA RAILWAY COMPANY, held in Macon, Ga., October 15, 1914, semi-annual dividends of Two and One-half (\$2.50) Dollars per share were declared on the First Preferred and Second Preferred stock of the company, payable at the office of the Mercantile Trust & Deposit Company, of Baltimore, Md., on November 6, 1914, to stockholders of record at the close of business October 25, 1914. Transfer Books for Preferred stock will be closed on October 25, 1914, and re-opened on November 7, 1914.

F. S. WYNN, Secretary.

ST. LOUIS SOUTHWESTERN RAILWAY CO.

165 Broadway, New York, October 20, 1914.

Additional coupons for the \$20,000,000 First Mortgage Bond Certificates of the ST. LOUIS SOUTHWESTERN RAILWAY COMPANY, warrants for which mature November 1, 1914, will be delivered upon presentation of the warrant at the office of the Guaranty Trust Company of New York, 140 Broadway, New York, on and after said date.

ARTHUR J. TRUSSELL, Secretary.

SOUTHERN CALIFORNIA EDISON CO.

Edison Bldg., Los Angeles, Calif.

The regular quarterly dividend of \$1.50 per share on the outstanding Common Capital Stock (being Common Stock Dividend No. 19) will be paid on November 15, 1914, to stockholders of record at the close of business on October 31, 1914.

W. L. PERCEY, Treasurer.

Chicago, Rock Island & Pacific Railroad Company

To the Holders of the

4% Collateral Trust Bonds:

You are advised not to deposit your bonds with the Wallace Committee; read the agreement and you will find it differs materially from the "Plan"; the terms of the agreement under which we are asked to deposit our bonds are oppressive, unjust and unnecessary. If the real purpose were as claimed, merely to foreclose the mortgage and to distribute the railway stock among the bondholders, we would need no self-constituted committee and no agreement obligating us and pledging our bonds for further unknown amounts of cash in order to get our stock. Under the terms of the Mortgage Indenture, 60 per cent of the bondholders have the right to direct any method of enforcing the security and to get back the stock. If the Trustee, admittedly appointed by the Reid-Moore interests, were to perform its plain duty, it would call a meeting of the bondholders (which you will note it has carefully refrained from doing) at which it would be directed to buy in the railway stock at the sale for the equal benefit of all bondholders, whether they deposit with this committee at enormous cost or not, and then the Trustee would distribute the stock among all the bondholders. That requires no committee and no burdensome agreements. But it would not afford opportunity (as the proposed agreement does) for requiring large sums of new money from the bondholders as a condition of getting back their stock, which sums some of the bondholders may not be able to pay, and of thus giving the chance to somebody to get the bondholders' stock very cheap. If we will join in withholding the deposit of our bonds we will yet force such a meeting of bondholders, at which steps will be taken to take and keep this great property out of the hands of the men who have brought it to the very verge of a receivership. Our security is in no peril if we will but stand together and refuse to deposit our bonds until we can get a committee of our own selection instead of having one foisted upon us in the interests of the men who have sacrificed the railway property.

There is vastly too much power assumed by and vested in this committee, which was appointed through the Reid-Moore interests, and, it has been charged, is acting with those interests under whom this property has been brought to its present plight.

Let this self-constituted committee answer these questions:

1. The new agreement provides as follows: "Any present or future member of the committee and the depositary or any of its officers * * * may be or become pecuniarily interested in any contracts, property, or matters which this agreement concerns, including the purchase from the committee of any shares of stock of the operating company the sale of which is authorized by the plan and this agreement." Why should the members of this committee and the depositary which is our Trustee, singly or collectively, have the right to turn this trust to their own personal uses, and why should they ask any such improper power?

2. Why should they require us by this agreement in the discretion of this committee to be forced to take and pay for in cash an unknown additional amount of stock in order to get back the stock that rightfully belongs to us?

3. Why should this committee have the right to pledge our bonds not only for its past and future expenses and compensation, but in order to borrow the money with which to pay for the undeposited bonds, as well as for compensation and the expenses of an unidentified committee in Holland?

4. Who ever before heard of a committee daring to require depositors in advance to hold the committee harmless against its own willful misrepresentations or any willful misrepresentations of the Trustee?

This seems inconceivable, but here are the committee's own requirements:

"No statement, explanation, or suggestion contained in the plan or in any circular issued, or which hereafter may be issued, by the depositary or by the committee is intended or is to be accepted as a representation or warranty, or as a binding condition of deposit thereunder, or of any payment in cash provided for in the plan; and no defect or error therein shall release any deposit thereunder, save by written consent of the committee."

5. Why has neither the Trustee nor this committee, of which the President of the Trustee is Chairman, taken any steps to compel the return of the millions diverted from the railway company under the regime of the interests controlling the management?

Remember that when you have once deposited your bonds with this committee under this new agreement you cannot withdraw them, but such of you as have already deposited under the old agreement may withdraw the bonds so deposited until November 1st, but not later.

N. L. AMSTER,
67 Milk St., Boston, Mass.

Circular Letter "B," supplement to my Circular Letter "A," and extracts of the Wallace Committee's new agreement, with comments on all of its important clauses, will be mailed to any one interested in the collateral bonds or other Rock Island securities.

The Commercial & Financial Chronicle

INCLUDING

Bank & Quotation Section
Railway Earnings Section

Railway & Industrial Section
Bankers' Convention Section

Electric Railway Section
State and City Section

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CLEARING-HOUSE RETURNS.

The following table, made up by telegraph, &c., indicates that the total bank clearings of all the clearing houses of the United States for the week ending to-day have been \$2,678,037,534, against \$2,520,643,243 last week and \$3,471,629,550 the corresponding week last year.

Clearings—Returns by Telegraph. Week ending October 24.	1914.	1913.	Per Cent.
New York.....	\$1,052,403,829	\$1,611,013,223	-34.7
Boston.....	122,090,465	142,107,465	-14.1
Philadelphia.....	125,444,263	150,144,759	-16.4
Baltimore.....	29,876,380	32,997,304	-9.5
Chicago.....	247,311,754	275,410,985	-10.2
St. Louis.....	59,760,572	75,371,150	-20.7
New Orleans.....	15,493,206	18,037,835	-15.4
Seven cities, 5 days.....	\$1,652,380,469	\$2,305,352,721	-28.3
Other cities, 5 days.....	500,194,284	600,482,419	-6.7
Total all cities, 5 days.....	\$2,212,574,753	\$2,905,835,140	-23.8
All cities, 1 day.....	465,462,781	565,794,410	-17.7
Total all cities for week.....	\$2,678,037,534	\$3,471,629,550	-22.9

The full details for the week covered by the above will be given next Saturday. We cannot furnish them to-day, clearings being made up by the clearing houses at noon on Saturday, and hence in the above the last day of the week has to be in all cases estimated, as we go to press Friday night. We present below detailed figures for the week ending with Saturday noon, October 17, for four years:

Clearings at—	1914.	1913.	Inc. or Dec.	1912.	1911.
New York.....	\$1,161,740,377	\$1,919,226,147	-39.5	\$2,545,125,686	\$1,912,535,183
Philadelphia.....	140,830,285	160,737,583	-12.4	197,262,465	152,634,308
Pittsburgh.....	51,616,036	57,910,724	-10.9	67,015,093	49,284,905
Baltimore.....	33,996,612	40,272,480	-15.6	48,034,354	37,989,936
Buffalo.....	11,308,430	16,041,124	-29.5	12,475,919	12,424,313
Albany.....	6,756,144	7,787,922	-13.2	7,041,650	8,519,255
Washington.....	7,244,348	7,618,135	-4.9	7,412,744	6,871,316
Rochester.....	4,600,169	4,964,678	-7.3	5,027,566	4,788,182
Syracuse.....	2,867,430	2,868,574	-0.04	2,700,000	2,747,939
Reading.....	3,162,186	3,156,684	+0.2	3,289,939	2,387,613
Wilkes-Barre.....	1,963,942	2,011,519	-2.4	2,258,269	1,624,624
Wilmington.....	1,562,721	1,888,927	-17.3	1,930,084	1,568,793
Wheeler.....	1,525,782	1,800,526	-15.3	1,590,440	1,468,195
York.....	2,039,160	2,460,115	-17.1	2,696,270	2,141,736
Trenton.....	1,012,195	933,950	+8.5	1,121,300	1,016,772
Greensburg.....	1,020,090	1,074,098	-5.1	2,193,358	1,682,864
Chester.....	560,000	550,000	+1.8	570,000	525,000
Birmingham.....	781,744	718,067	+8.9	724,490	592,153
Altoona.....	679,500	749,100	-9.3	698,100	539,600
Lancaster.....	598,183	640,578	-6.6	775,381	566,167
Montclair.....	1,694,033	1,813,838	-6.6	1,783,082	1,035,448
Total Middle.....	1,439,706,346	2,237,413,005	-35.7	2,914,102,885	2,204,108,992
Boston.....	134,223,120	174,631,208	-23.1	231,211,895	186,367,582
Providence.....	8,364,100	10,749,600	-22.2	12,976,000	11,191,000
Hartford.....	4,330,732	4,944,922	-12.4	5,933,093	4,390,125
New Haven.....	3,643,120	3,401,269	+7.1	3,803,797	3,047,556
Springfield.....	2,658,429	3,161,818	-15.9	3,718,172	2,620,631
Portland.....	1,900,000	2,001,913	-5.1	2,208,016	2,101,802
Worcester.....	2,960,050	3,482,906	-14.9	3,445,439	3,275,200
Fall River.....	1,011,633	1,429,103	-29.3	1,422,614	1,217,649
New Bedford.....	1,185,470	1,282,892	-7.6	1,273,816	1,168,100
Lowell.....	703,333	514,129	+36.8	686,857	673,260
Holyoke.....	732,745	635,462	+15.3	788,558	623,408
Bangor.....	437,371	503,839	-13.1	592,231	538,067
Tot. New Eng.....	162,150,103	208,740,061	-21.6	268,000,498	217,214,380

Note.—For Canadian clearings see "Commercial and Miscellaneous News."

Clearings at—

Week ending October 17.

Clearings at—	1914.	1913.	Inc. or Dec.	1912.	1911.
	\$	\$	%	\$	\$
Chicago.....	276,509,991	321,827,627	-14.1	366,365,185	294,724,139
Cincinnati.....	22,341,400	26,816,100	-16.7	30,607,150	27,341,250
Cleveland.....	23,833,822	26,965,849	-11.6	24,088,091	23,716,992
Detroit.....	27,325,110	31,413,435	-13.0	24,321,261	21,680,933
Milwaukee.....	17,514,529	16,732,708	+4.7	14,661,081	13,996,141
Indianapolis.....	8,223,271	8,447,038	-2.7	8,766,909	8,637,079
Columbus.....	6,554,700	7,295,900	-10.2	6,947,600	5,551,400
Toledo.....	5,920,945	6,386,325	-7.3	5,482,892	5,124,519
Peoria.....	2,764,317	3,962,128	-10.2	3,600,000	3,455,714
Grand Rapids.....	3,237,395	3,851,013	-15.9	3,258,069	2,923,909
Dayton.....	1,838,013	2,426,164	-24.2	2,158,852	2,388,961
Evansville.....	1,226,275	1,405,882	-12.8	1,272,768	1,245,004
Kalamazoo.....	532,983	683,572	-22.1	780,127	693,180
Springfield, Ill.....	1,104,273	1,124,443	-1.8	1,299,175	1,156,838
Fort Wayne.....	1,265,974	1,309,764	-3.4	1,262,785	1,092,637
Akron.....	1,749,000	1,590,000	+9.4	2,041,000	2,020,000
Lexington.....	551,081	659,341	-16.4	1,018,156	964,115
Rockford.....	913,285	1,036,217	-11.9	981,043	822,370
Youngstown.....	1,702,135	1,801,723	-5.5	1,551,200	1,399,842
South Bend.....	719,001	691,729	+3.9	690,000	569,767
Bloomington.....	659,650	700,670	-5.9	679,914	709,476
Quincy.....	820,507	864,552	-5.1	765,443	602,567
Canton.....	1,586,059	1,400,000	+13.3	1,550,002	1,341,609
Decatur.....	457,698	473,679	-3.4	560,411	419,431
Springfield, Ohio.....	725,000	599,726	+20.9	686,723	520,166
Mansfield.....	516,195	492,191	+4.9	456,518	470,839
Jackson.....	500,000	527,976	-5.3	586,968	527,278
Jacksonville, Ill.....	265,420	344,709	-22.9	324,126	254,270
Danville.....	425,000	458,602	-7.3	430,595	400,201
Lima.....	475,000	518,807	-8.4	435,174	396,985
Lansing.....	588,538	643,719	+8.3	530,448	372,166
Ann Arbor.....	265,528	266,798	-0.5	204,058	212,729
Adrian.....	20,000	10,693	+87.0	49,415	28,961
Owensboro.....	360,600	404,056	-10.7	424,556	405,540
Tot. Mid. West.....	413,492,695	474,033,226	-12.8	508,837,695	426,248,008
San Francisco.....	54,647,100	55,968,234	-2.4	60,039,612	55,268,058
Los Angeles.....	22,949,832	24,389,520	-5.9	28,033,907	25,000,000
Seattle.....	13,320,999	15,743,603	-15.4	15,792,607	12,910,510
Portland.....	12,573,068	14,965,990	-16.0	15,359,888	13,005,755
Spokane.....	3,961,301	4,888,901	-18.8	5,815,046	4,827,419
Salt Lake City.....	6,310,254	7,156,678	-11.9	7,737,376	7,126,457
Tacoma.....	1,977,088	2,323,515	-14.9	3,234,467	3,567,462
Oakland.....	3,692,850	3,650,027	+1.2	4,547,738	3,601,326
Sacramento.....	2,038,706	2,537,530	-19.7	2,282,724	1,486,250
San Diego.....	1,932,098	2,749,512	-29.7	3,252,952	2,600,000
Fresno.....	1,361,115	1,200,000	+13.4	1,288,088	994,146
Stockton.....	975,929	953,479	+2.3	1,111,257	1,269,812
San Jose.....	906,960	997,109	-9.1	1,064,391	1,193,560
Pasadena.....	714,894	780,979	-8.5	984,484	751,139
North Yakima.....	521,000	596,189	-12.6	626,686	526,330
Reno.....	317,619	300,000	+5.9	413,179	379,720
Long Beach.....	509,017	Not included	In total		
Total Pacific.....	128,200,813	139,201,266	-8.0	157,584,432	132,507,944
Kansas City.....	67,813,516	65,103,877	+4.2	63,124,224	58,509,107
Minneapolis.....	38,447,598	33,698,789	+14.1	34,797,330	28,276,974
Omaha.....	18,000,000	20,298,006	-11.3	23,655,470	16,409,836
St. Paul.....	12,239,661	9,488,384	+29.0	14,548,260	12,543,015
Denver.....	10,247,007	11,432,781	-10.4	10,234,713	10,365,925
St. Joseph.....	6,726,701	7,438,370	-9.6	7,002,114	6,704,025
Duluth.....	7,419,598	6,665,265	+11.3	8,604,155	5,792,416
Des Moines.....	4,906,335	5,624,673	-12.7	5,056,050	4,298,188
Sioux City.....	3,289,737	4,138,553	-20.5	4,356,782	2,498,927
Wichita.....	3,593,845	3,565,481	+0.8	3,464,525	3,536,810
Topeka.....	1,432,063	1,596,043	-10.3	1,335,038	1,86,8627
Davenport.....	1,380,738	1,813,327	-23.9	1,864,561	1,745,305
Lincoln.....	2,265,195	2,118,033	+6.9	2,115,006	1,623,224
Cedar Rapids.....	1,556,257	1,798,475	-13.5	1,476,692	1,447,147
Fargo.....	1,729,563	630,268	+174.4	577,215	1,040,761
Colorado Springs.....	719,780	739,500	-2.7	764,275	688,913
Pueblo.....	662,373	817,881	-18.9	762,047	720,631
Fremont.....	343,897	336,763	+2.1	313,396	325,406
Waterloo.....	1,271,757	1,702,851	-26.2	1,473,301	1,612,106
Helena.....	1,233,538	1,192,114	+3.4	1,691,033	1,165,597
Aberdeen.....	868,140	552,385	+57.2	523,365	379,691
Hastings.....	232,963	203,339	+14.6	227,158	228,854
Billings.....	482,683	579,976	-16.8	742,501	399,524
Tot. Oth. West.....	186,862,945	181,534,954	+2.9	187,809,211	162,115,009
St. Louis.....	70,175,768	86,953,265	-19.4	81,444,869	83,242,884
New Orleans.....	15,570,883	20,175,925	-22.8	22,137,650	20,049,171
Louisville.....	11,240,847	14,191,696	-20.8	15,666,646	13,733,800
Houston.....	7,899,789	11,415,051	-30.8		
Galveston.....	3,767,500	4,758,000	-20.8	6,155,000	4,725,500
Richmond.....	8,522,413	9,000,000	-5.3	8,312,630	7,882,502
Atlanta.....	13,805,644	22,678,960	-39.1	17,973,066	17,789,044
Memphis.....	7,182,078	11,412,758	-37.1	11,645,162	9,905,382
Savannah.....	3,806,000	9,757,546	-60.9	8,820,250	8,872,885
Fort Worth.....	9,290,577	9,310,368	-2.1	12,702,736	8,716,277
Nashville.....	6,506,253	8,674,545	-25.0	7,206,619	4,992,674
Aurora.....	2,110,860	3,428,440	-38.4	2,558,011	3,783,063
Norfolk.....	3,936,152	4,231,026	-7.0	4,708,452	3,828,886
Birmingham.....	2,640,103	3,696,376	-28.6	3,124,992	2,832,348
Little Rock.....	2,233,768	2,829,436	-21.0	3,278,564	2,151,765
Charleston.....	1,652,549	3,232,194	-48.9	2,724,270	2,483,469
Knoxville.....	2,190,737	2,062,613	+6.2	1,923,717	1,945,787
Jacksonville.....	2,681,148	3,410,994	-21.4	3,150,000	2,846,398
Chattanooga.....	2,153,608	2,650,451	-18.8	2,610,710	2,071,922
Mobile.....	1,000,000	1,853,349	-46.0	1,400,000	1,512,098
Oklahoma.....	3,068,300	2,725,636	+12.6	2,781,396	2,476,118
Macoon.....	3,794,276	6,047,064	-37.2	5,179,418	5,461,197
Austin.....	1,501,411	1,905,963	-21.2	2,079,838	1,667,901
Vicksburg.....	276,685	343,462	-19.4	374,472	323,008
Jackson.....	431,314	527,718	-18.2	439,454	478,274
Meridian.....	315,000	338,063	-6.9	384,603	315,854
Muskogee.....	959,851	1,267,252	-24.3	1,171,958	949,474
Mules.....	1,516,921	1,455,441	+4.2	787,068	629,681
Total Southern.....	190,230,341	250,333,592	-24.0	229,719,143	215,567,352
Total all.....	2,520,643,243	3,480,256,104	-27.8	4,267,137,132	3,357,761,414
Outside N. Y.....	1,358,902,866	1,570,090,957	-13.4	1,793,011,446	1,445,226,257

OUR CONVENTION NUMBER.

With to-day's issue of our paper we send to our subscribers our "Bankers' Convention" Section, reporting the proceedings of the Convention of the American Bankers' Association held at Richmond last week. This Convention number gives all the papers and addresses read and delivered before the Convention, and also the proceedings and discussions on the floor, including the deliberations of the Trust Company Section and the Savings Bank Section.

THE FINANCIAL SITUATION.

Whatever the progress, or the lack of it, in other directions, our Clearing-House institutions are week by week improving their position. There is therefore reason for a feeling of encouragement—provided of course our bankers and the Federal Reserve Board do not yield to the blandishments of the representatives of the British Government at present in this country and surrender further large amounts of our gold. Last Saturday's Clearing-House statement showed the deficiency below the required cash reserves down to only \$934,150 and to-day's statement should show the deficit entirely wiped out. When it is recalled that on August 15 the deficiency below the required reserves aggregated almost forty-eight million dollars—in exact figures \$47,992,250—it will be readily seen how great has been the change for the better in the two months since then.

The improvement is the more noteworthy, as in the United States there is no central agency such as exists in all the leading European countries whose duty it is to take measures to correct any impairment in reserves. In this country, Treasury officials and bankers are chiefly concerned in providing an adequate supply of currency to meet the exceptional demands for circulating media which arise on such occasions. The matter of deficient reserves gives no one any worry and is allowed to correct itself. In the past this habit has not been attended with the possibility of much danger, inasmuch as crises here have not been coincident with similar crises abroad. Therefore high money rates at this centre, which are a concomitant of such a situation, have served to draw gold to the United States in a perfectly normal, natural way. On the present occasion, however, the crisis is world-wide and the active measures which the European countries have taken to increase their own stocks of gold could easily result in jeopardy to the United States in the absence of similar measures on our part.

In the time of a general crisis like the present, zeal on the part of one country in protecting its metallic reserve, and indifference on the part of another, involves a risk of danger to the latter. It means inevitably that the energetic country will profit at the expense of the apathetic one. The situation is made more acute by the fact that these European countries have ceased meeting their obligations, either in gold or in any other way, and therefore make it impossible for us to collect what is owing to us. Nevertheless they are insistent that we must meet our own obligations, not merely in the ordinary course through settlements in foreign exchange, but by the actual delivery of gold. If we

fail to produce the gold, but ask that allowance shall be made for the moneys due us and which we cannot collect, we are charged with attempting to repudiate our obligations and told it will surely injure our credit. They conveniently overlook the fact that they are in default, not we. Since the outbreak of war, the Bank of England has increased its stock of bullion by no less than £32,440,687, equal to \$162,000,000. This is favorably commented upon on every side, and the English banking system comes in for a great deal of praise, as it always does on such occasions on the part of the newspaper press.

But as the greater part of the new supplies of gold which the Bank of England has obtained have come from the United States and we continue to make further large contributions week by week to the Bank's stock, it would seem open to question whether the improvement in the Bank's position indicates so much the superiority of the English banking system as it does unwonted liberality on the part of the United States in so readily stripping itself of its supplies of the metal. It should not be forgotten that large amounts of American gold were afloat for Europe when the war broke out, we having parted with nearly \$100,000,000 of gold during June and July. During the early part of August the outflow was arrested for a time in deference to popular sentiment. Soon, however, we were asked to resume shipments again, the gold being for British account, but going to Ottawa so as not to be subject to capture by the enemy, and in that form the movement has continued week by week since then.

If the Bank of England is strong to-day and has escaped dire peril, it should not be forgotten that it has been made strong with the aid of American gold. Is it presumptuous to ask what would be the position of the Bank to-day if immediately upon the outbreak of war the United States had, like the European governments, adopted drastic measures to prevent a drain upon its gold reserve? Suppose the United States Government had had the power to prohibit exports of the metal and had exercised that power—how then would the Bank of England have managed to strengthen its position? It can get no gold from France or Germany or Russia for obvious reasons. Accordingly there would have been no source of supply for the metal except the South African output and the dribblets of gold that come from Australia. In the event that the United States had forbidden exports of gold, what then would have become of the fine-spun theories as to the principles underlying foreign exchange operations, which are sound enough in ordinary times but do not at all fit war times? Is it asking too much to request our banking interests to do what it would clearly be the duty of the Government to do if it had the necessary power? If the Bank of England knew that banking interests here were determined not to let any more gold go out, efforts to get the gold would cease.

Most serious consequences may result from the present gigantic conflict in Europe. If the struggle should be prolonged, the greatest financial cataclysm of all the ages may ensue. At such a time and with such possibilities it is the duty of the United States in its own interest and in the interest of the entire world to be prepared for any and all emergencies. We must keep ourselves strong and above all con-

serve our gold supply, of which there is no superabundance in this country, views to the contrary notwithstanding.

The fact that the deficit of the Clearing-House banks has been extinguished should not lull us into a false sense of security. Notwithstanding the deficit no longer exists, the Clearing-House banks have added surprisingly little to their gold reserve during the last two months and their holdings to-day show only moderate recovery from the low level reached in August. Furthermore what little gain they have made has been mainly at the expense of the United States Treasury.

On a previous occasion, several weeks ago, in noting an increase in the gold holdings of the New York banks, we stated it was a gratifying feature that there was little evidence that the gold was coming out of the U. S. Treasury. Now, however, evidence to that effect is very strong. Last Saturday the specie holdings of the New York banks and trust companies were only \$26,702,000 larger than on Aug. 15, when at their lowest, and \$106,085,000 less than on June 6 before the tremendous outflow of gold to foreign countries began. In other words, the specie holdings of the banks and trust companies are now \$335,630,000, against \$308,928,000 on Aug. 15 and \$441,715,000 on June 6. Besides increasing their specie holdings, the banks have also since the middle of August added \$25,132,000 to their holdings of legal tenders, but this is a paper and not a metallic reserve. This latter gain too, however, has been in great part at the expense of the United States Treasury. In the following we present in tabular form the figures as to changes in money holdings of the Clearing-House banks and trust companies:

Money Holdings of Clearing-House Banks and Trust Companies.

	Oct. 17 1914	Aug. 15 1914	Gain.
	\$	\$	\$
Specie.....	335,630,000	308,928,000	Gain 26,702,000
Legal tenders ----	98,936,000	73,804,000	Gain 25,132,000
Total.....	434,566,000	382,732,000	Gain 51,834,000

It will be seen that total money holdings of the Clearing-House banks and trust companies have, since Aug. 15 been added to in the sum of \$51,834,000, in this way making good the deficit in reserves that existed at the earlier date. We now add another table to show the money holdings in Sub-Treasuries on Aug. 1 1914 as compared with Monday of this week, Oct. 19:

	Government Money Holdings,		Loss.
	Oct. 19 1914.	Aug. 1 1914.	
	\$	\$	\$
Net gold.....	263,155,910	280,551,354	Loss 17,395,444
Other kinds money	69,159,209	93,600,637	Loss 24,441,428
Total.....	332,315,119	374,151,991	Loss 41,836,872

From the foregoing it will be observed that total cash in Sub-Treasuries has been diminished \$41,836,719, accounting to that extent for the \$51,834,000 gain in money holdings recorded by the New York Clearing-House banks and trust companies. Treasury gold holdings in the interval have fallen from \$280,551,354 to \$263,155,910. In other words, while the banks have gained \$26,702,000 in gold, the United States Treasury has lost \$17,395,444.

It being thus made plain that the sub-treasuries and the banks together hold very little more gold

than they did early in August when the stock was at its lowest level and the situation in Europe remaining full of menace, should not every effort be made to resist a further outflow of the metal? We are not arguing that we should be allowed to defer the payment of any of our obligations; we are merely contending that the credits standing in our favor shall be allowed as offsets against what is owing or may become owing by us to Europe. In other words, we ask nothing except that Europe shall pay its debts, in which event further shipments of gold will be entirely unnecessary. That that is sure to be the result is evident from the course of the exchange market this week. Sterling rates have been distinctly weak in view of the early termination of the English moratorium.

Among the points brought out during the past week at the hearing before the Interstate Commerce Commission in the case of the Eastern railroads, which are asking for an advance in freight rates, is the bearing which the payment of dividends has upon a corporation's credit. Experienced men whose opinions are entitled to respect have urged that it is necessary for a railroad to pay dividends upon its capital stock in order to maintain its credit. There can be no doubt about this. Indeed it is axiomatic that dividend disbursements at regular periods promote the credit of corporations which have to go into the market to borrow money, as most companies do from time to time.

In a number of states the laws provide that bonds of railroads shall not be acceptable as assets of savings banks if the railroads issuing such bonds do not pay dividends on the share capital. For this reason a railroad which has an established record for the payment of dividends for a period of years will strain every effort to maintain its unbroken dividend record, drawing perhaps upon an accumulated surplus for the purpose in a year when earnings have not been sufficient to maintain the customary dividend rate.

Regular dividend disbursements at a fixed rate help to put a stock in the investment class and of course assist in establishing its market value. The very fact that the market value of a corporation's stock is well sustained at par or above adds greatly to the company's credit and helps bankers to sell the corporation's bonds to the public when new loans have been negotiated.

One of the simplest and most effective ways for a railroad to maintain its credit is to show earnings well in excess of the customary dividend requirements and this is one of the reasons why the Eastern railroads are now striving for an increase in freight rates.

Additional capital cannot be procured to advantage by the sale of stock unless dividends are already being paid upon the capital stock outstanding. Some States prohibit railroads from issuing stock at a price below par and as investors would not be apt to pay par for non-dividend stock, a railroad restricted by such a law is prevented from obtaining new capital by the sale of stock unless it may earn enough to pay dividends. Some years ago earnings of railroads were so great, dividends were so well established and prospects so bright that railroads in a number of instances were able to sell new issues of stock at a premium. They were also

able to obtain more than par for new stock by the exchange of shares for convertible bonds. Under such circumstances there was no difficulty in procuring new capital without adding to fixed charges, and consequently the transportation companies were in a position to make extensive improvements which added wonderfully to their facilities for giving the public excellent service.

Earnings which are sufficiently large to build up the credit of a railroad exert a beneficial influence which does not stop with the stockholders but reaches out to the public as well. Adequate earnings, satisfactory dividends, proper credit and good service for the public are factors which go hand in hand.

Various estimates are now appearing as to the cost of the great European war. The British war expenditure is placed by one London authority at £1,000,000 per day, while that of Germany is estimated at £3,000,000, France £2,000,000, Austria £2,000,000 and Russia £3,000,000. This makes a total of £11,000,000, or \$55,000,000, a day that is going to waste so far as the five chief participants are concerned, not to mention the monumental loss of life and the widespread distress resulting from the conflict. Paul LeRoy Beaulieu the well-known French economist, is rather more modest in his estimates. He figures that each of the greater belligerents is spending an average equivalent to \$200,000,000 monthly. In a statement presented to the Academy of Moral and Political Science last Saturday he stated that he considered it probable that the war would continue seven months from August 1. Accordingly, the five greater Powers engaged were committed to an expenditure of \$7,000,000,000. Each of the smaller States, including Japan, will have expenses of \$600,000,000 to \$800,000,000 each to meet. Therefore, he figured the war will cost the fighting powers, roughly, \$9,000,000,000 to \$10,000,000,000. In conclusion he said:

"These figures, which do not take into account the losses of revenues during hostilities, will be met, first, by the issuance of notes against the accumulated gold in the Government banks; second, by the issuance of short-term treasury bonds to which all governments are having recourse during the war, and, third, by delaying payments for military necessities. The larger part of the savings of the world will be absorbed by the taking up of national loans and economic progress will be seriously checked."

The damage that is being sustained by Austrian trade as a result of the war is revealed by official figures just published in Vienna. Imports for August are 94,000,000 crowns or 124,000,000 crowns less than for August last year. Exports for the same period this year were 30,000,000 crowns, which is 184,000,000 crowns less than for August last year.

The trend of the war so far as the news has become available this week seems to have favored the Allied armies. The Germans in the western theatre of hostilities have been making fierce attacks right along the line, and the contest has been particularly fierce in West Flanders and in Northern France, where the Germans have been re-enforced, it is understood, by virtually all the German forces in the occupied portions of Belgium. Meanwhile the French, British and Belgium armies have for the first time been aided by British and French warships. The Germans are said to be hurrying forward fresh troops

and heavy guns to counteract the damaging fire from the sea and although they have been pushed back at certain points, they are apparently holding their line between the sea and La Basse. Along the coast the Yser River has been dividing the contending forces, although yesterday's advices state that the Belgians regained the right side of the river on Wednesday and were preparing to move forward. Each side is continually claiming to have repulsed the attacks of the other all along the long front, extending from the North Sea to the Swiss border. Hence it is safe to assume that the conclusion of the battle is still a matter for the rather distant future. The official bulletin issued by the French War Office yesterday asserted that if the Allies had yielded ground in some places, they had gone ahead in others. The Germans, the statement said, are using green troops in the battle, some of them young men and others advanced in years.

In Poland the Russians report that they have been able to drive back the first German offensive move against the Polish capital of Warsaw and the fortress of Ivangorod. All the Russian accounts refer to this as a great victory and say that the Germans, besides losing many prisoners and guns, have left large quantities of ammunition and provisions in the trenches they had prepared for their defense. The battle around Przemyśl and South of that city is still in progress but the Austrians claim that farther South they have cleared the Russians out of Hungary and are advancing towards Pulkovina, a crownland in Eastern Galicia with the same object in view. The East Indian troops that are in France have not yet taken part in any of the battles, the men and their horses requiring considerable time to become acclimated. It is again reported that Italians have landed marines at Avlona, Albania. The Secretary of the British Admiralty on Thursday evening issued the following statement on the operation of the British warships in co-operation with the allied army on the Belgium coast.

"On October 18 requests for naval assistance were made to the Admiralty by the allied commanders. In consequence, a naval flotilla, mounting a large number of powerful long-range guns, came into action at daybreak on the 19th off the Belgian coast, supporting the left of the Belgian army and firing against the right of the German attack, which they were, by their position, able to enfilade.

"The Germans replied by shells from their heavy guns, but, owing to the superior range of the British marine artillery, practically no damage has been done.

"Three monitors which were building in British ports for Brazil and were acquired on the outbreak of the war have proved particularly well suited to this class of operation. A heavy bombardment on the German flank has been maintained without intermission since the morning of the 19th, and is being continued to-day.

"Observation is arranged from shore by means of naval balloons, and all reports indicate that substantial losses have been inflicted upon the enemy, and that the fire is well directed and effective against his batteries and heavy guns. Yesterday a considerable explosion, probably of an ammunition wagon, followed upon a naval shot."

An official report from Gen. French gives the total of British killed, wounded and missing from September 13 to October 8 as 561 officers and 12,980 men. The German Embassy at Washington announces that the British battleship *Triumph* has

been badly damaged by shell fire from the German fortifications at Tsing-tau. The Triumph was assisting the Japanese in the bombardment and had to retire.

The Japanese cruiser Takachiho struck a mine while patrolling the harbor at Tsing-tau and sank. The Turkish Government on Monday refused the demand of England that the German crews be discharged from the cruisers Goeben and Breslau which were bought by Turkey from Germany. The Rumanian authorities on the same day stopped a German train composed of 150 trucks laden with war material bound for Turkey. The German Government at once lodged a protest with the Government at Bucharest. Germany reports that a new British submarine E-3 was sunk on Sunday by German warships in the North Sea. The Japanese have occupied the German islands in the archipelagoes of Marshall, Marianna, and Caroline for "military purposes". These groups lie from 1,000 to 1,700 miles east of the Philippines and are near the American island of Guam. Announcement was made on Thursday by the British Admiralty that the German cruiser Emden has sunk six more British steamers off the coast of India. The Emden's sister ship the Karlsruhe it is announced has sunk 13 British merchantmen in the Atlantic. Britain has decided to intern all German and Austrian subjects now in England who are between the ages of seventeen and forty-five.

As a result of a protest by the State Department, England on Thursday ordered the release of the American tank steamer, John D. Rockefeller, which is owned by the Standard Oil Company. The steamer had been captured off the Orkney Islands by a British cruiser. The British Ambassador explained the seizure of the vessel by saying that the papers disclosed the fact that the cargo of fuel oil was destined for no known person, but was "to order." Formal protest against the seizure of the Brindilla, another of the Standard Oil tank steamers, was made to the British Government by the State Department on Thursday. The charge is that the Brindilla is German owned, though recently put under American registry. A statement from an official of the Department of Commerce explains the reason for the seizure of oil tank steamers by the British as follows: "The reason for Great Britain's action in holding up American oil ships on the high seas, at the risk of serious international complications, is that she is determined to prevent Germany at any cost from obtaining petroleum products for use in her Zeppelins, armored motor cars and submarines."

The Mexican National Convention at Aguas Calientes, which it will be recalled recently announced itself the sovereign authority in Mexico, has appointed a committee of five "to assume the duties" of five cabinet positions in Mexico City. No mention is made in dispatches received by the State Department at Washington as to what the convention will do with reference to the provisional presidency. It is expected this question will be permitted to await the arrival of General Zapata or his delegates for decision. Carranza has questioned the authority of the convention and is understood to resent being instructed by what he considered an advisory body. It was reported early in the week and subsequently

denied that the delegates at Aguas Calientes had been arrested by order of General Villa. American troops will undoubtedly remain in Vera Cruz until the friction between General Carranza and the convention is adjusted. Rumors have reached Mexico City of the death at Bordeaux of Mexico's ex-President, Porfirio Diaz.

We are glad to be able to report the probability of an early reopening of business on the New York Cotton Exchange. The plan of adjustment contemplates the creation of a corporation in which members of the Exchange shall be stockholders in proportion to their own outstanding commitments. This corporation is to take up outstanding long contracts at 9 cents. Behind it will be a banking syndicate with \$2,500,000 available to loan up to 7½ cents on the contracts thus taken up. In this way the deck will be cleared of the obligations that have been making the opening of the Exchange an experiment too dangerous to be attempted. The plan, it is only proper to say, has not yet been definitely and officially adopted. Nevertheless the prospects of official adoption are understood to be highly favorable. If the New Orleans and Liverpool Cotton Exchanges will promptly fall into line it will soon be possible to attack the sterling exchange problem in a practical way by establishing a reliable and stable price level for the staple. This in turn may be expected to encourage an immediate demand from spinners at home as well as abroad.

A more cheerful spirit is evident this week in the financial advices cabled from London. The improvement is predicated upon the better interpretation that seemed justified regarding the military operations on the Continent. In addition, the Bank of England contributed another excellent statement showing its gold holdings for the first time in its history to have passed the £60,000,000 mark, which compares with a maximum of £49,100,000 before the present war. The ending of the moratorium on exchange bills without important friction was another feature. The English moratorium as a whole will end on November 4 and if there are no important reverses for the Allies in the meantime, there seems every reason to believe that the removal of financial protection will pass without discouraging incidents. It is known, however, that while the moratorium is to be permitted to lapse on November 4 that the Government in the meantime will announce a plan which is now under consideration for subsequently protecting the difficulties in export business and also Stock Exchange transactions where defaults may result directly from the war.

London cable advices state that the City would welcome the early flotation of a real war loan as distinct from the repeated offerings of Treasury bills. When the moratorium has been fully canceled it is expected that the issuing of Treasury bills to obtain funds will be supplanted or supplemented by transactions in more permanent form. The fifth installment of British treasury notes was issued on Wednesday and, like the preceding installments, was well received. This makes a total of £75,000,000. There were heavy tenders at Wednesday's offering and the preliminary results showed that a banking syndicate which tendered £98 1s 6d had been allotted 30% of its application. This was interpreted as indicating a probable average rate of 3¾%. The

Bank of England on Wednesday earmarked £3,000,000 in gold for the redemption of treasury notes. Following the termination on Monday of the bill moratorium, bankers are reported to have extended liberal facilities to clients this week to enable them to meet payments. There has been some complaint reported on the part of holders of maturing bills who think that the Government should have allowed certain lines of bills to be repaid in installments of 20% bearing interest at 5% until the completion of the repayment.

Securities on the London unofficial markets have not been active this week. Announcement has been made by the Stock Exchange committee that members need only open their offices from 11 a. m. to noon on Saturday instead of 11 a. m. to 1 p. m. It is reported that in consequence of the bad effects produced by the drought in Australia the Commonwealth is about to seek a loan in London to the amount of about £20,000,000. Preparations are in progress for an issue of £25,000,000 Russian treasury bills, though the immediate offering will be only £12,000,000. The proceeds will be utilized to pay for purchases of Russian equipment in England and also to re-establish Petrograd exchange with London. The raw rubber trade of Antwerp has been transferred to London temporarily, and the shipments of rubber from the Congo are said to be already arriving. Bar silver has ruled weak on the London market, owing to the restricted buying power of the Continent, which has not offset the offerings from America. Yesterday 22 11-16d. was touched, which is a lower quotation than has been current for six years.

It is not expected that the London Exchange will be reopened in time for the settlements, which have been fixed for Nov. 18. Presumably the settlements will again be delayed. Sir George Paish intimates that there will be no unrestricted reopening until after the Christmas holidays, although he concedes that the Governors of the Exchange could safely take action before that date. The explanation, however, is quite plain as regards the delay. There seems a very general belief that the first effect of the resumption of business will be a decline in the general price level of securities. This would not be a desirable feature from the standpoint of the English financial institutions in connection with the preparation of their annual balance sheets.

would be necessary to appraise the investment security holdings under these conditions at the new prices, whereas if the Exchange remains closed the figures as of July 30 will be used, and will undoubtedly enable a much more satisfactory showing to be made. This same principle holds good, though to a lesser degree, in regard to the financial statements of the large corporations on this side of the Atlantic. Under authority granted by practically all State insurance departments in the country, with the possible exception of Massachusetts, insurance companies may value their security assets for the year ending Dec. 31 1914 on prices existing on June 30 of this year.

The acute strain in the general cotton situation is the source of no little concern at British centres, and London correspondents report growing agitation there for some solution of the difficult problem. There has been considerable talk of direct purchases by English spinners in the American cotton markets.

This talk has now ended, as manufacturers agree that the cotton industry can only be restored to normal by attacking present conditions at their base. Until the raw cotton market has been standardized there seems slight reason to expect improvement in Lancashire. Manufacturers, however, are hoping that the British Government can be induced to extend to raw cotton the financial paternalism which has been in such active evidence of late. The Chancellor of the Exchequer, for instance, is being urged to advance funds for the purchase of this year's surplus cotton, either with or without the co-operation of our own Government. Sir George Paish, the financial adviser of the British Government, is in Washington seriously discussing some form of co-operation by which cotton can be shipped instead of gold. This he is urging as a source of relief in the general international financial situation. Exports of cotton have fallen off very materially. For the month of September the United States exported 125,778 bales, of which 50,980 bales was to the United Kingdom. The total value to all destinations was \$5,806,707. The extent of the decline in the cotton-export business will be appreciated when it is mentioned that as compared with the 125,778 bales exported from this country in September this year, the September shipments last year were 930,312 bales and in September 1912 729,530 bales. In point of value the reduction was even more sensational, there being a decline in round numbers of \$60,000,000 from the figures of 1913 and of \$40,000,000 from the corresponding figures of 1912. It is of interest to note that there has been some modification in the British Government's attitude in restricting exportations of wool and its products. As to woollens, the Bradford Chamber of Commerce is reported to have information from Government circles that the decree prohibiting exports of wool extends to all cross-bred yarns, but not to all grades of cloths, the restrictions applying only to such cloths as are suitable for military purposes.

The Committee of the London Metal Exchange has decided that its members must pay all sums due at the end of October not later than November 5 on the following basis per ton: copper £49; tin £120; iron 49s. Members unable to pay the full amount were instructed to notify the Committee by October 22; in which event the Committee will appoint an accountant to investigate such members' financial standing or position. The rules regarding defaulters have been suspended. Nevertheless members who are unable to make full payments within one year after the war has ended will be deemed defaulters. Members who are unable to pay will be suspended from dealing and must pay interest at 1% above the Bank of England rate with a minimum of 6%. Members must also take up and deliver metals due and must close their defaulting clients' accounts. The Committee is as yet undecided about reopening the Exchange on November 5. The foregoing scheme obviously paves the way for the resumption of daily settlements.

The Brazilian Government has announced in London that it will fund for three years from August 1 1914 the interest on the entire external debt of the Republic. It has authorized the Rothschilds to issue 5% funding bonds to an amount not exceeding £15,000,000 as a second charge on customs. This

proposed funding will cover all the interest on the sixteen existing loans, besides other minor payments. Sinking funds and the redemption of existing loans are to be suspended for a period of 13 years. The new funding bonds are to be made redeemable by a $\frac{1}{2}\%$ sinking fund applied half-yearly until July 31 1927, namely ten years after the funding scheme ends. The new bonds will rank next to the fundings issued when Brazil defaulted in 1898. Brazilian exchange has shown some improvement and has assisted in the improvement in Brazilian securities on the London market. Brazilian steam railways and traction shares were exceptionally firm.

Negotiations are reported to be in progress for the placing of a loan of 100,000,000 francs in nine months notes with New York bankers. It cannot be learned that the placing of these securities has been successfully accomplished. It is not expected that there will be opposition on the part of our Government to the transaction as the purpose is to establish a large French credit in this country which can be drawn against for payment of purchases of American products and general supplies that are so actively needed by France. French agents are understood to have been making large purchases of horses, for instance, in the United States and it will be necessary to arrange for prompt payment of such transactions. Messrs. J. P. Morgan & Co., who, it will be recalled, arranged a short time ago an exchange of credit with the Bank of France by which \$16,000,000 was put at the disposal of the French Ambassador here, are not interested in the proposed loan, and it is learned that the attitude of the firm in regard to loans to belligerents has not changed.

A cable dispatch from Bordeaux states that the French Minister of Finance, the Governor of the Bank of France and the head of the Stock Brokers' Association conferred recently regarding the postponed liquidations on the Paris Bourse on July 31. The representative of the brokers urged some definite arrangement in the interest of the financial market. It is not known whether there has been any specific result of the conference. The Municipal Council of Paris has voted to issue a City loan of 120,000,000 francs, to run for one year and bear between 5 and 6% interest. The French National Defense Bond subscriptions have reached the total of 300,000,000 francs and are still continuing satisfactorily. A dispatch from Berlin states that the German Government has decided to extend to France and French colonies the law prohibiting payments to Englishmen or English firms. On October 1st, according to a Paris correspondent, the gold in the Bank of France stood at 4,092,000,000 francs, comparing with 4,141,000,000 francs at the end of July.

A Berlin report by way of Rome states that the Prussian Diet has authorized a loan of 1,500,000,000 marks, secured by treasury bonds, payable before January 1 1916. The loan, it is explained is to be used for the relief of East Prussian sufferers and of employees of public works who have been forced into idleness by the war. The Prussian Diet opened on Thursday. Many of the deputies were in uniform and some were wounded. Vice-President Belbrueck submitted the various war bills. He said that Germany had been forced into war by the envy and hatred of her neighbors, and conveyed to the Deputies a message of greeting from

the Kaiser "who is amidst his victorious troops." Municipal Councillor Thomas, a Socialist, has been elected as Provisional Deputy in the Prussian Diet from Altona, succeeding Privy Councillor Sieveking. This change, according to the comments of Berlin papers, is an evidence of German unity in the present war and of faith in the Emperor's promise that he would know no party. The Diet passed a number of war bills.

Official European bank rates are still pegged at former figures. In London private bank rates are easier, two months bills being quotable at $2\frac{1}{2}\%$, with call money still unlendable at the British centre at 1%. No quotations have been received in New York, as far as we have been able to learn, of private bank rates on the Continental centres. The official bank rates at the leading foreign centres are: London 5%; Paris 5%; Berlin 6%; Vienna 8%; Brussels 5%, and Amsterdam 5%.

As we have already noted, this week's return of the Bank of England shows another increase—£827,366—in the gold supply and another high-water mark in Threadneedle Street's holding of the precious metal. The total has now passed the £60,000,000 mark (£60,062,756) and compares with £36,826,328 at this date in 1913 and £37,586,372 in 1912. Before the present war the high-water mark was £49,100,000. Some idea of the accumulation of funds in London is presented by the item of "other deposits", which are more than £100,000,000 in excess of the corresponding period a year ago. The current total is £143,058,000 against only £41,321,966 in 1913 and £44,129,270 in 1912. The increase in these deposits during the week was £4,230,000. The reserve increased this week £696,000 and the proportion to liabilities has further advanced to 27.52% against 26.46% last week. This compares with 14.60% immediately after the outbreak of hostilities, namely in the Aug. 7 statement. A year ago the proportion was 56.25%. Public deposits as shown by the current statement have decreased £7,968,000. Government securities decreased £3,497,000 and loans (other securities) showed a reduction of £927,000. The loan item still stands at the large total of £108,787,000, or more than four times that of the corresponding week of 1912, when £24,929,023 was the total. Our special correspondent furnishes the following details by cable of the gold movement into and out of the Bank for the Bank week: Inflow, £4,545,000 (consisting of £1,021,000 bar gold and £2,624,000 American gold coin bought in the open market and £900,000 released by India), against which there were £3,000,000 set aside and "earmarked" currency note redemption account, and shipments of £718,000 net to the interior of Great Britain. We add a tabular statement comparing for the last five years the different items in the Bank of England return:

	BANK OF ENGLAND COMPARATIVE STATEMENT.				
	1914. Oct. 21.	1913. Oct. 22.	1912. Oct. 23.	1911. Oct. 25.	1910. Oct. 26.
Circulation.....	34,798,000	28,674,890	28,535,250	28,669,250	27,750,675
Public deposits.....	15,764,000	5,951,439	11,362,565	7,267,753	7,173,695
Other deposits.....	143,058,000	41,321,966	44,129,270	44,232,154	40,543,822
Gov't securities.....	24,074,000	13,488,105	13,037,909	14,066,084	14,980,568
Other securities.....	108,787,000	24,929,023	32,725,986	27,905,256	28,443,321
Reserve, notes & coin	43,767,000	26,601,438	27,501,122	27,211,293	22,017,700
Coin and bullion.....	60,062,756	36,826,328	37,586,372	37,430,543	31,318,335
Proportion reserve to liabilities.....	27.52%	56.25%	49.53%	52.40%	46.49%
Bank rate.....	5%	5%	5%	4%	5%

The weekly statement of the Imperial Bank of Germany, as reported by cable on Oct. 19, is again in new form. A decrease in "weekly metal notes"

of 79,082,000 marks is reported. The Bank's gold holdings increased 31,019,000 marks; mortgages decreased 11,316,000 marks; "discount and treasury bodies" decreased 328,006,000 marks; drafts decreased 23,710,000 marks; note circulation decreased 137,707,000 marks, and deposits decreased 348,897,000 marks. The total gold is now 1,801,728,000 marks, which compares with 1,219,660,000 marks in 1913 and 886,640,000 marks in 1912. Note circulation aggregates 4,645,207,000 marks, and compares with 2,065,300,000 marks in 1913 and 1,942,220,000 marks in 1912.

The money situation still continues to show improvement and may be said to be on a 6% basis for all transactions involving minimum risk. The supply of funds, at any rate, is fully equal to the demand, and the chief consideration among lenders now is the responsibility of the borrower and the uses to which the money is to be put. The Federal reserve banks, according to present plans, will be opened for business about Nov. 30, which agrees with predictions by well-informed interests about a month ago and noted by us in the "Chronicle" at the time. At the opening date, however, the banks will still be in a formative stage and will require a considerable period and the exercise of excellent executive ability to place them in working order from a practical standpoint. However, the new Federal Reserve notes will be ready from the start and will greatly facilitate the retirement of emergency circulation, which it is quite generally conceded has now fulfilled its usefulness in a broad sense. Interior banks are continuing to retire their Aldrich-Vreeland notes, but conditions in the South continue highly strained, and New York banks are feeling impelled to renew loans to their Southern correspondents. The main difficulty with the banks in the cotton States is that they are in many instances fully loaned up with notes of cotton planters which were discounted in the spring. The expectation, and in fact the usual procedure, is for these notes to mature and to be paid when the planters have sold a good part of their cotton. But in the absence of the usual market for this cotton it has been found impossible to sell the staple. Hence the notes have not been paid. It is now proposed that the banks of the country shall raise a fund of \$125,000,000 or \$150,000,000 for the purpose of making loans on cotton to planters and others, thus providing funds with which to take up the original notes. This obviously would carry the situation along in a favorable way until a resumption of the foreign demand will permit cotton to be exported, and thus relieve the current stress in the South. New York and other banks not in the cotton-growing district are willing to subscribe to a fund for loans of this character, though they argue, and obviously with justice, that, the Southern banks being most concerned, should assume the greater risk in such loan transactions, if there is a risk. In other words, the New York and other non-cotton banks are willing to loan on cotton on, say, $4\frac{1}{2}$ cents a pound in some form on the lines of a first mortgage, leaving to the Southern banks the risk, if any, of loaning additional amounts as a second lien on the same cotton. Local banking interests, however, are averse to going into any plan at all unless the Federal Reserve Board shall be in charge of the transaction. The amount of emergency currency thus far issued by the Treas-

ury, according to latest official reports, is \$359,215,770. It is understood that the New York banks have already retired a very large percentage of their Clearing-House certificates.

The Clearing House statement of last Saturday showing the condition of the Associated banks and trust companies indicated that the deficit below the reserve requirements had, for practical purposes been eliminated, the amount remaining being only \$934,150. This amount promises to be wiped out completely in to-day's bank statement. It compares with a surplus at the corresponding date last year of \$9,636,750 and of \$8,553,000 in 1912. The cash reserve increased last week \$6,119,000 and the reserve requirements themselves were reduced \$738,200 as a result of a decrease in deposits of \$3,792,000. Thus a total of \$6,857,200 was taken from the total deficit of the preceding week. The cash in bank vaults increased, according to the statement, \$6,055,000, while cash in the vaults of trust companies increased \$64,000; but there was a reduction of \$2,096,000 in trust companies' cash in banks.

Referring to money rates in detail, it may be said that call money each day until Thursday covered a range of 6@7%, with renewals as a rule at 6%. On Thursday $6\frac{1}{2}$ % was the highest, with 6% the lowest and ruling basis, while on Friday the rates were the same as on Thursday, except that the 7% high point was restored. Time money has been reduced to 6@ $6\frac{1}{2}$ % for all maturities, comparing with 6@7% a week ago. Commercial paper has been in better demand at 6@ $6\frac{1}{2}$ %, which is the closing quotation for sixty and ninety day endorsed bills receivable and for four to six months single names of choice character. Names less favorably known require 7@ $7\frac{1}{2}$ %.

Steady progress toward improved conditions is showing itself in foreign exchange circles. The managers of the \$100,000,000 Gold Pool continue to exercise the utmost secrecy, both as regards their rates and volume of their business. It is announced, however, that they have received \$12,000,000 in gold thus far, and additional amounts are coming forward in response to their first calls upon the members of the Pool for gold. Keen interest is being displayed in the discussion between the representatives of the British Treasury who are now at Washington and our own Treasury officials, as well as representatives of important banks from New York and elsewhere over the plans to provide for a resumption of the exportation of cotton. It is conceded that the renewal of such exportations is the vital problem in restoring normal sterling exchange conditions. Sir George Paish, one of the British delegates, estimates American indebtedness to London at between \$200,000,000 and \$250,000,000. He acknowledges that this is merely an estimate and hopes that the conference will be able to evolve a plan whereby cotton shipments instead of gold may be utilized to pay this balance. Everybody will concede that it would be highly desirable if the export movement of cotton at stable and higher prices could at once be resumed in normal volume. With the activity that is being shown in shipments of other descriptions of our farm products, a normal outward cotton movement along with the termination of the British moratorium would quickly remove the strain from sterling exchange. Whether this can be accomplished by any action to be taken at Washington would

appear doubtful. The suggestion has been made and is understood to be receiving favorable attention in official circles in England that a fund should be raised for the purpose of buying up the surplus stock of cotton by Government aid through the Bank of England. This plan has been advocated by some of the leaders of the British cotton industry on the ground that the present low prices will discourage planting in the United States and thus there will be smaller crops of cotton in the next few years. There is probably no doubt that Southern farmers will have distinct encouragement to attempt a further diversification of their crops than has been the practice in the past, and there consequently will be comparatively slight risk if the English spinners, or their Government acting for them, desire to make purchases of cotton at the present low prices. What evidently is needed is a reasonable assurance that cotton prices will not go much lower than the present level. If banking facilities are provided for cotton by the proposed banking pool, there seems no reason to fear there will be a much further reduction. With this assurance, English spinners should feel disposed to freely take advantage of the low price at which their raw material is available. In the same way buyers of the manufactured articles will be disposed to file their orders and an improvement in the general cotton situation both at home and abroad could be reasonably expected.

But what connection there is between this and the arbitrary payment of debts by means of gold or short-term notes, as is being suggested, it is difficult to conceive. The sterling exchange situation, as the week's record of quotations clearly shows, is making active progress. Large exports of merchandise and small imports will continue to provide a basis for further improvement, and we find no reason to change our view that the entire foreign exchange situation should be left to work out its own salvation. There is no question as to the ability of the merchants and bankers in this country to pay their obligations in full. It is not reasonable to ask that a system of mutual credits that has been in force for generations in many instances should be suddenly withdrawn by one party with a demand that immediate payment in gold be made. Such a demand is hardly less absurd than if it were attempted to force the business of the country without notice upon a purely cash basis by the withdrawal of all credit. It is the province of banking to tide over periods of scarcity of funds to periods when funds are plentiful. It is merely a question of the difference between money and capital. There is no lack of capital on this side and there is no question of ability to pay obligations. The entire question is merely one of proper activities on the part of international banking interests. Furthermore, with the extremely easier condition of money affairs in London, with call money for instance unlendable at 1%, it is exceedingly difficult to appreciate the necessity of a demand that America pay its debts to London in gold while London is not paying at all because protected by its moratorium.

A feature of the week was the payment on Thursday in connection with the call of the fifth installment by the New York City Loan Syndicate of \$5,333,715 of which \$4,197,165 was paid in gold and \$1,136,550 was provided for by exchange. This call had slight influence on the market, as grain bills, cotton and other merchandise bills are now

appearing in liberal volume. A total of \$7,646,441 was shipped to Canada this week, including \$7,196,920 in coin withdrawn from the Sub-Treasury and \$449,521 in bars from the Assay Office.

Exchange on Berlin has ruled particularly weak, closing at 90 $\frac{1}{4}$ for bankers sight bills as well as for cable transfers. This compares with 92@92 $\frac{1}{2}$ a week ago. This continued weakness must certainly be regarded as evidence of a desire to withdraw credits from Germany and turn such credits into cash in this market. It may also be an indication of active efforts on the part of Germany to build up a large credit here with which to purchase foodstuffs and other supplies she needs from this country.

Compared with Friday of last week, sterling exchange on Saturday was slightly easier, with demand bills quoted at 4 97 $\frac{1}{4}$ @4 97 $\frac{3}{8}$, cable transfers at 4 98@4 98 $\frac{1}{4}$ and sixty days at 4 93 $\frac{3}{4}$. On Monday a much weaker tone was apparent and demand declined to 4 96 $\frac{3}{4}$, cable transfers to 4 95 $\frac{5}{8}$ and sixty days to 4 93 $\frac{1}{4}$ @4 93 $\frac{1}{2}$, chiefly on an increase in commercial offerings as well as a lessened demand. Sterling quotations broke sharply on Tuesday to 4 95 $\frac{1}{4}$ @4 95 $\frac{3}{8}$ for demand, 4 96 $\frac{3}{4}$ for cable transfers and 4 92 $\frac{1}{2}$ for sixty days; the predominant influence in lowering quotations appeared to be the large supplies of cotton bills. On Wednesday further substantial declines took place; demand went as low as 4 94 $\frac{5}{8}$, the lowest point touched in the present downwards wing; the day's range was 4 95 $\frac{1}{8}$ @4 95 $\frac{1}{2}$ for cable transfers and 4 94 $\frac{5}{8}$ @4 94 $\frac{7}{8}$ for demand; sixty days declined to 4 91 $\frac{1}{4}$. Inquiries incidental to the payment of another installment on the New York City loan brought about a firmer tone on Thursday, although the market was extremely dull; demand was quoted at 4 94 $\frac{7}{8}$ @4 95 $\frac{1}{4}$, cable transfers at 4 95 $\frac{1}{2}$ @4 95 $\frac{3}{4}$ and sixty days at 4 91 $\frac{1}{4}$ @4 91 $\frac{1}{2}$. On Friday the market was weaker. Closing quotations were 4 90 $\frac{3}{4}$ @4 91 for sixty days, 4 94 $\frac{3}{8}$ @4 94 $\frac{7}{8}$ for demand and 4 95@4 95 $\frac{1}{4}$ for cable transfers. Commercial on banks nominal, documents for payment nominal. Seven-day grain bills 4 92 $\frac{3}{4}$ @4 93. Cotton for payment nominal; grain for payment nominal.

The New York Clearing-House banks, in their operations with interior banking institutions, have gained \$14,932,000 net in cash as a result of the currency movements for the week ending Oct. 23. Their receipts from the interior have aggregated \$21,526,000, while the shipments have reached \$6,594,000. Adding the Sub-Treasury operations and the gold exports, which together occasioned a loss of \$8,377,000, the combined result of the flow of money into and out of the New York banks for the week appears to have been a gain of \$6,555,000, as follows:

Week ending October 23 1914.	Into Banks.	Out of Banks.	Net Change in Bank Holdings.
Banks' interior movement.....	\$21,526,000	\$6,594,000	Gain \$14,932,000
Sub Treas. oper'ns and gold exports..	18,806,000	27,183,000	Loss 8,377,000
Total	\$40,332,000	\$33,777,000	Gain \$6,555,000

The following table indicates the amount of bullion in the principal European banks:

Banks of	October 22 1914.			October 23 1913.		
	Gold.	Silver.	Total.	Gold.	Silver.	Total.
England..	£ 60,062,756	£ -----	£ 60,062,756	£ 36,826,328	£ -----	£ 36,826,328
France...	163,680,000	12,760,000	176,440,000	138,700,320	25,470,800	164,171,320
Germany..	90,162,350	2,000,000	92,162,350	60,983,700	13,730,800	74,714,500
Russia..	183,215,000	4,573,000	187,788,000	166,196,000	5,907,000	172,103,000
Aus. Hunc	51,578,000	12,140,000	63,718,000	50,882,000	10,563,000	61,445,000
Spain....	21,989,000	27,399,000	49,388,000	18,787,000	29,373,000	48,160,000
Italy.....	46,458,000	3,000,000	49,458,000	45,771,000	3,075,000	48,846,000
Neth'lands	13,176,000	178,300	13,354,300	12,364,000	626,600	12,990,600
Nat. Belgd	15,380,000	600,000	15,980,000	8,323,333	4,161,667	12,485,000
Sweden..	5,748,000	-----	5,748,000	5,699,000	-----	5,699,000
Switz'land	9,049,000	-----	9,049,000	6,899,000	-----	6,899,000
Norway..	2,402,000	-----	2,402,000	2,503,000	-----	2,503,000
Tot. week	662,900,106	62,650,300	725,550,406	553,934,681	92,907,867	646,842,548
Prev. week	660,620,190	63,207,100	723,827,290	547,694,625	92,555,913	640,250,538

a Data for 1914 for Oct. 2. c July 30. d Sept. 21.

"FINANCIAL EXHAUSTION" AND THE WAR.

No question has been more widely discussed since the outbreak of this present war, or with less approach towards convincing settlement, than the question how far the outcome of the war will be influenced by financial exhaustion of one or all of the belligerents. The assumption that such a conflict could not be long continued, without such exhaustion was constantly asserted, long before the war, as a reason why no such war could happen. But the war came. The same argument has been still more frequently urged since the end of last July as a reason for expecting a short war. Yet, as we see, the course of events on the battlefield has since then pointed to a conflict longer than any one had previously imagined.

An eminent German writer on the question of international war, whose whole position is based on the inevitability, if not the desirability, of such a conflict, has had this to say on the question: "It has been asserted, and seemingly substantiated scientifically, that no State could carry through a war waged with the masses levied in our days. It would not only mean absolute domestic ruin, but war itself would be completely paralyzed soon after its outbreak; the economic strength for maintaining such huge armies would simply fail." The writer's comment on this opinion is, that "such a view is going much too far." Referring to the fact that even financial affairs adjust themselves automatically to emergencies, and suggesting that production could be carried on through releasing from time to time part of the fighting force for purposes of home production especially in the case of the victorious army—he holds that the argument of exhaustion could not actually apply. This, nevertheless, is his rather striking conclusion: "But where in an indecisive struggle the adversaries keep each other in check, the standard of their efforts will be gradually lowered, and success will ultimately fall to him who can boast of the highest moral energy and self-sacrificing spirit; or, where on both sides the moral motives are of an equally high standard, can hold out financially longest to finish the war." This final inference has a curiously interesting bearing on the present situation at the front.

What is to be said of the argument of exhaustion—an argument which necessarily, if sound, will become more potent the longer the war continues? It must first be conceded that the theory of "exhausted belligerents" has failed rather remarkably to apply in military history. It will be said, perhaps, that it did apply in our Civil War; for when Lee surrendered, it was virtually admitted, even by Southerners, that the South was economically unable to fight longer. But the condition of 1865 was not primarily due to failure of economic power because of long-continued fighting, it resulted from the cutting-off of supplies through capture of immensely productive areas by the enemy. The occupation of New Orleans by the Union troops; the possession of the Mississippi River by the Northern fleet, and hence the blockade of the rich southwestern territory; the division of the southeastern territory through Sherman's March to the Sea; the destruction of Lee's immediate sources of supplies by Sheridan's Shenandoah raids—these were the actual causes of the Confederate army's confessed inability to continue its resistance. But that merely meant that the belligerent country had been ex-

hausted, not through the fighting in itself but by defeat at important strategic points.

One might, indeed, rather ask why the South was not exhausted as early as 1863, when it had been for two years cut off from access to Europe, and reduced to supplying its own armies and feeding its own people. Again, there is the case of Japan in 1904 and 1905. Count Witte's well-known prediction of that period was that a very short time would bring about the economic exhaustion of Japan and her consequent inability to continue fighting. Yet the Japanese army continued in a state of the highest efficiency, long after the period named for that event; Japanese Government bonds advanced almost without interruption up to the close of the war, and the highest resentment at the manner of intervention was exhibited by the people of Japan itself. It may therefore be presumed that they, at least, did not feel themselves on the verge of economic exhaustion. Where did the Balkan States get the money for their second war of 1913—continued in most aggressive fashion, at a time when the outside world had supposed all the combatants in the first war to be without further resources? How were the Boers able to maintain during nearly three years their contest against England, when they, too, were absolutely cut off from the supplies of the outside world?

The case of the Napoleonic wars is strikingly in point. Their cost was possibly as great, in relation to the resources of capital of that day, as is the present cost of war when similarly measured. Yet that war lasted almost continuously during a dozen years; the incidental treaties of peace being merely introductory to a prompt renewal of vigorous hostilities. France, after the defeat of its navy at Trafalgar, and especially after the Orders in Council by the British Ministry in 1806, was apparently as much on the road to being starved as people have here and there assume Germany will be starved to-day. The country was cut off from the commerce of the world quite as completely as Germany is to-day cut off. But France continued to gain victories. It is true that Napoleon supported his army out of the hostile country, and that he paid much of the cost of the war through tribute exacted from conquered states or cities—a policy which has seemed to be reproduced of late in Belgium. But even so, what is to be said of the continued resistance of the very countries on which such tribute had been levied? The Prussians, after being absolutely crushed in 1806, fought with more vigor and efficiency during the next half dozen years than they did before. Spain, in 1808, blocked all of Napoleon's plans despite a seemingly complete absence of resources. The Austrian Government went bankrupt in 1811, yet in 1813 was again active in the field of conflict.

The answer to these seemingly anomalies, and perhaps the answer to the similar problem to-day, is to be found in the immense reserve force of every country, not only in the matter of physical endurance, but also in the matter of actual resources of available capital. In such directions rigid economy counts for much, new energy in production under the spur of necessity for more. When the present situation is considered, it must be admitted that in more directions than one events outside the battlefield are not now moving as had been expected when the war broke out. Financial paralysis of all the belligerents was for a time a favorite theory, and such a

condition should have been accompanied logically by general hoarding of gold and by collapse of credit resources. But, on the contrary, what we have seen in the past two months is a prodigious increase in the gold reserves of the Bank of England and the Bank of Germany—with one the stock of gold up \$162,000,000 since the war broke out and with the other up \$111,000,000—this gold reserve being used to support a superstructure of emergency credit facilities unparalleled in the history of the world. These emergency expedients, moreover, though carried to bewildering lengths and applied in ways whose outcome is difficult to foresee, are at least based fundamentally on sound economic principals. There is no depreciated money. No general suspension of gold payments has occurred. Even the temporary device of the moratorium, which has staved off general bankruptcy in the circles of finance and commerce, may be found largely to have averted such conditions.

We are undoubtedly yet to test the real economic effect of prolonged and continuous fighting in this enormously costly war. It is at least a possibility, however, that the economic world may meet, in the matter of available capital supplies, a surprise not unlike what it has already encountered in the matter of gold reserves. It is not to be forgotten that the machinery of credit has been enormously developed during the past quarter century. If the growth of population and invention of materials of warfare have vastly increased the costliness of war, it is equally true that the growth of productive industry, the accumulation of capital and the new contrivances for concentrating and utilizing credit have similarly increased the means for paying for war.

All this by no means signifies that the devastating effects of the wholesale waste of such a war will not have formidable results. That they will leave deep scars in the economic system of Europe for a good many years to come, is unfortunately certain. This is perhaps the single result on which opinion can be confidently based. But the history of the intervening period may create some new and interesting precedent in this matter of financial endurance as against financial exhaustion. It may possibly turn out that the resources of present-day finance are better able to bear the prodigious strain imposed upon them, and the credit machinery of to-day better able to avert the worst of the immediate consequences, than even the most experienced economist had imagined.

THE NEW ATTEMPT AT RELIEF FOR THE RAILROADS.

The hearing now in progress before the Interstate Commerce Commission on the desired increase in freight rates has introduced one new suggestion: whether statements as to the standing of American railroad securities do not indicate a desire to shift "the burden of war consequences from the shoulders of the foreign shareholder to those of the American shipper." The account of the proceedings tells us that this question "went unanswered," and it clearly had no just title to answer; yet one comment about it should suffice: that this whole problem is not one of the past three months but has been growing in acuteness and seriousness in the last three years at least and that this unhappy war has only intensified it and forced it more irresistibly upon the country.

Another question put to the railway representatives, however, is not new, unless in its terms of expression: to the statement that certain short-term obligations of the Baltimore & Ohio must be met at maturity soon and unfavorable conditions may compel 7% or 8% for money to replace them, Mr. Willard was asked, "isn't that a risk that should be taken by the stockholders through a reduction of dividends rather than be met by an advance of rates? You defend here to-day a reduction of practically every railroad expense except dividends."

It is not novel, this suggestion that the stockholders can just forego dividends and then all may become easy. It has likewise been suggested that all inadequacy of fire insurance rates to pay losses and yield dividends can be met, when a conflagration comes again, by the stockholders' going down into their pockets and making good any deficits. The defect is that stockholders may tire of doing that; and in the railroad case the defect is that the question is not merely one of sparing "the shoulders of the foreign shareholder" or of keeping life comfortable for the people, anywhere, who rely upon their dividends. The immovable fact, grounded down deep in human nature, is that nobody (not even the State Commissioners and the anti-railway advocates who do not care what happens to railroads) will lend them one dollar except upon their own views about the expediency of doing it when considered as an investment of their money. Waive those dividends, or make their payment impossible, and the foundation under railway credit fails. With such failure, seriously threatened already, goes all prospect of obtaining—except by taking out of funds obtained by general taxation—the hundreds of millions of new money which must be had, unless the roads are to do worse than not keep pace with public needs in respect to efficiency of service, or unless they are to become less efficient in capabilities than they are to-day. Their employees do not care, for they cynically remind us that wages are always a first lien and receivers' cash as good as any. The anti-railway talkers do not care (or do not think) for they show entire indifference beyond obstructing any measures of relief. Some shippers (by no means all, however), are of the same way of not thinking; they oppose any relief, and can suggest nothing but that the rich owners of the roads can forego dividends awhile.

But somebody ought to care, upon the *ad hominem* ground of serious personal interest, and it is only for pointing this out that we refer to the subject in these remarks. The marvelous delusion seems to prevail that our railroads are owned by a few rich persons, or, let us say, by "Wall Street." There is no conceivable proposition that is farther from being true—not even the vague notion that a railroad is a sort of undiscoverable entity, other than the people, that can and will bear any hurt which it must. The hundreds of millions represented by railway issues and constituting the form of railway ownership are distributed, not concentrated or locked in large vaults; they are in many hands, not in few. For instances, in three of the oldest and best life insurance companies, we find that about 20% to 32% of assets are so invested; the "savings banks of Massachusetts have approximately 17%, and those of this State have approximately 15%, of their assets invested in railway ownership. Probably it would be reasonable to say that insurance com-

panies, savings banks, educational and benevolent institutions (leaving out of consideration banks of issue, because of the popular lack of sympathy for those) have from a tenth to a fifth of their possessions in railways, and of course this does not take into account the modest holdings of individuals, some of them widows and orphans, directly or through trustees of estates. Would giving up dividends be so easy a recourse? Has anybody a complete statement of the injury already wrought by passing or reducing dividends, or can anybody foresee the injury which all these interests would suffer by having "receivers' cash" go much more into circulation than it is now?

Putting by for the moment all other aspects of this most serious case, it seems to us that the injurious effects, spreading and multiplying and reacting in all directions, of any further impairment of railway credit are not sufficiently appreciated, in viewing this problem of railway relief.

THE WILL OF THE PEOPLE.

The address of Mr. Martin W. Littleton, of the Bar of this city, at last week's Bankers' Convention, was on a subject which has, unhappily, ceased to be merely academic, because "the will of the people" has been and still is flagrantly misrepresented and caused to be misunderstood. Politicians have been catering for votes by persuading the common people that some oligarchy of capital is repressing their will; that constitutions are bulwarks behind which selfish persons (vaguely dubbed "reactionaries") are obstructing progress. Recall of decisions and judges, and an "easy" change in constitutions especially, are asserted to be indispensable before the people can regain liberty and "come into their own." A so-called "gateway" amendment has been demanded whereby to make changing the constitution a swift and easy process; people who do not know a word of that document are readily persuaded by this inflammatory talk, whereas changing is already so easy that whatever the people insist upon can be carried through (as has been proved by doing it) in less than two years' time.

Mr. Littleton points out that the majority does govern; that the will of the people, whatever its wisdom or unwisdom, irresistibly prevails; that the abused constitutions are expressions of their will, having been made by them; but that their will is formulated and expressed by deliberate action, and not by emotions of to-day or by what is commonly mentioned as "public sentiment" or is put into the form of resolutions of an evening, declaratory of "the sense of this meeting."

The courts are assailed along with constitutions, both being accused of frustrating or obstructing the will of the people, notwithstanding the people have created both. Here Mr. Littleton followed along the line of thought already used by the "Chronicle:" that no judge "nullifies" a statute, although that obnoxious term is sometimes used as expressing the effect of judicial decisions. To nullify a statute is to declare that it shall not be obeyed; to judicially pronounce it invalid is merely to find that it never had validity, because, although enacted by the people through their representatives in legislature, it is in conflict with the constitution, the higher and highest law which they have already enacted and made binding upon themselves. For example, every

constitution states sundry conditions of valid enactment, as "reading" so many times, having a quorum present and voting, etc. The courts are to execute laws, but the laws must be valid before being executed. Suppose the court finds that in fact these conditions were not complied with? Then the law is waste paper and never was anything more; it is not "invalidated," it is merely found to have been void *ab initio*. It is not the province of judges to pass upon the wisdom of laws, but only upon their validity; not their part to protect the people from the results of rashness. They cannot frustrate the popular will, and no judge would attempt it. Letting foolish laws demonstrate themselves is the best way to dispose of them, and the judge who tried to resist a really valid law would be himself swept away.

All this demand for recalls, for swifter alteration of constitutions and for a change which shall make legislative acts absolutely unreviewable in any respect, is the work of demagogues who seek to pose as leaders and liberators. These men flatter audiences by talking of having the people "govern themselves" directly instead of by a representative form. To this the answer is that representative government is popular government, however bad it may become; also, that direct action by the people (as in the simple old "town meeting" of New England) is physically as well as otherwise impossible—as impossible as for all the voters in this State to meet in one hall. Yet this pestilent talk is repeated by speakers and writers who possibly do not realize its harmfulness, and its effect is towards debauching legislation and impairing the services of the courts. It is the most menacing influence now in our politics, and therefore Mr. Littleton's plea is practical, not merely academic.

LIMITING THE USEFULNESS OF COLLEGE PROFESSORS.

The General Education Board has proved itself a most beneficent organization. A philanthropic trust of some \$60,000,000 requires wisdom as exceptional as the trust is unique. It has greatly helped some of our larger educational institutions, and has lifted many of the smaller ones into permanent and effective life. The extent of its influence can only be estimated in years to come. It has profoundly affected all forms of education. In its wide and intelligent service we would not think of criticizing it; and any who have money to give in benevolence should certainly be free to give it as they think best. But occasionally conditions are attached to benefactions which restrict their usefulness or have an influence other than the donor intended, and which may seriously concern the public.

This Board has lately given a million and a half dollars to Johns Hopkins, six hundred thousand to Washington University of St. Louis and five hundred thousand to Yale, attaching to them the condition that the professors in their Medical Schools, for which this money is bestowed, shall in "the Departments of Medicine, Surgery and Pediatrics," as stated in the report of the Treasurer of Yale, "be placed upon 'the full time, or university basis.'" The gifts are so large, the institutions to which they are given are so important, and the restriction is so novel, that it is an evident expression of a purpose to set up a new standard of practice in the medical schools of the country. As such it is rightly to be

challenged; and now is the time to challenge it, if there is good ground to question its wisdom. It certainly will have far-reaching influence, and if that influence should prove injurious, it will be difficult to change.

We fear it will increase a harmful tendency that has long existed. It extends to the instructors in the medical schools an influence from which hitherto they have been exempt; that is, of depriving teachers, especially those in the higher positions, of that contact with the life of the people which is so essential to their highest efficiency.

This tendency, which was little felt in the earlier days of our educational institutions, has become more and more pronounced as our universities and colleges have grown so large. To-day the average professor lives in what may be called a "university atmosphere," where he is not only absorbed in the duties of his own department and is exempted from all other responsibilities, but is also provided with a home, an income, and a sufficient social circle within the institution he serves. The medical schools have been notably different. Their professors are, almost invariably, men who are engaged in outside practice, which they are, as a rule, not only not expected to give up, but which is a condition of their usefulness. Already, a leading professor in one of the schools receiving the Board's benefaction has resigned his chair rather than come under the new conditions. His reason, as given, is that he cannot afford to have his income restricted to the salary provided, as he needs his outside earnings; but there are other considerations which more immediately concern the public.

The conditions of the gift seem by the terms to apply to all the instructors in the three specified departments. Only the leading professors, however, may be intended. In any case, the conditions are open to two substantial objections. They deprive the public of the service of these physicians and they sever that connection between the professor and the outside world which experience teaches is essential to most men if they are to be kept at their best. The professor in our medical schools is known to be a physician of the highest standing. His appointment to his chair is a distinction, and he accepts it because of the opportunity it affords him to keep in touch with advanced knowledge in his own department. The position gives him standing in the community, and increases both his reputation and his practice. For these reasons the public look up to him. His outside practice becomes, in a measure, select, and is widely important to the public, not only for the cases which he receives but for those he reaches through the physicians whom he influences and counsels. He may conduct valuable research work, and publish important books, and have useful service in hospital wards; but the public have a special interest in him because of his immediate relation to them; and, therefore, the public are the ones who will suffer, if by the terms of this new benefaction, such men are to be required to confine their services to the prescribed duties of their chairs.

The ostensible object of the restriction is that these gentlemen may be free to do research work. Research work was never more needed, and apparently never more fruitful than it is to-day. Many men are engaged in it, and certain institutions have been established to promote it. In any depart-

ment of science it is an absorbing occupation, which is generally successful only in the hands of men who are especially fitted for it; and men who by nature or education are so fitted generally find their way into it in the face of all obstacles. They belong to the class of inventors and geniuses. To aid them, when possible, is obviously a benefit to the community, and there are desirable institutions to do this.

But when it comes to the teacher, even in the medical school, the case is different. Beside his value to the outside public for his immediate service, his prime business is to teach, to make young men competent for the work that he represents. In medicine it is pre-eminently to teach his students to deal with the life of the people in a particular relation—that of health. Their prime duty as physicians is to know the human body in its functioning, so as to be able to detect its disorder or derangement and to restore it to its normal state. The first and most difficult task is to learn to see, to detect facts, that they may deal with these without blundering; and, secondarily, to know what to do when the facts are discovered. This requires, before all else, constant and intimate contact with men of all kinds and in all conditions, as patients. The value of hospital service for the medical student lies just here—he sees many patients; and clinical instruction is taking a larger and larger place in the better schools. The hospital position is now almost an essential for the professor.

All this is not for research but for instruction. The man who goes to it fresh from his contact with his own practice has the zest and breadth of knowledge that one who has no such outside experience will always lack. Furthermore, the teacher so confined will be without that honesty of criticism and keenness of competition which other men meet in daily life and which are so essential to a man's best work. Periodical visiting a hospital does not suffice. The narrowness and self-sufficiency, which sometimes becomes arrogance, in men who occupy protected and secluded chairs where they are looked up to, and where, by virtue of their position, they are beyond the reach of ordinary review or question, is a recognized evil, both in its effect upon the public and in its more serious effect upon the man himself.

We can hardly believe that the directors of the General Education Board have fully considered this subject. Friends of education everywhere must hear with pleasure of these splendid gifts to the distinguished institutions which have received them, and can only hope that where financial conditions are attached, they will in every case be promptly met, and that these and similar institutions will have further aid for enlarging their valuable service. But, if our judgment is correct, we trust that conditions which seem so unfortunate as those to which we have referred, as attached to these particular gifts, may not only be removed, but that they shall not be allowed to become an example to others. Indeed, they will have served a valuable purpose if they attract the attention which will result in stimulating the directors of educational institutions of all kinds to strive, as a few are doing, to secure for all instructors such intimate contact with the world about them as is necessary to give them their widest and best influence, and to make it possible for them to be all that their gifts and their opportunities should demand.

THE ERIE AS AFFECTED BY CURRENT CONDITIONS.

In reviewing the annual report of this company for the previous year, we pointed out that though the Erie, like other railroad companies, finds it difficult under existing conditions to finance its wants, it is by no means to be classed as a weakling. On the contrary it appears to be resting on a pretty substantial basis as far as income strength is concerned and as far also as relates to the physical standard of the property. Its finances have not yet been placed upon an enduring basis, as is evident from the large amount of short-term obligations outstanding, but a wonderful change for the better has been worked in its physical condition; and its traffic and revenue-producing capacity will in the end prove an important aid in the task of readjusting the finances.

A thought somewhat like this seems to have run in the mind of President Underwood, to whose energy and capacity the upbuilding of the road is so largely due, when, at last week's annual meeting of the shareholders, he declared that the Erie was a long way from being a bankrupt and that the road was to-day in better shape physically than it has ever been; furthermore, that the small surplus above interest charges shown by the late year's operations is by no means the best the property can do. Nevertheless the late year's unfavorable showing illustrates in the case of this road, as in the case of so many others, how trying is the state of things under which railroad operations have to be carried on in these days. The outcome of the rehearing at present under way before the Inter-State Commerce Commission at Washington on the application of the Eastern trunk lines for a 5% advance in freight rates means as much to the Erie as it does to the other railroads in the same territory, and perhaps a little more, for the Erie has not yet outlived altogether the bad reputation it acquired in the remote past, when it was a speculative football and those controlling the property directed its operations with a view to making profits on the Stock Exchange instead of out of the railroad business.

Mr. Underwood in the annual report alludes to the order of the Inter-State Commerce Commission denying the application of the railroads for a 5% increase in freight rates and asserts it resulted in further stagnating the business of the company and of the whole country, a statement which finds support in many of the statistics contained in the report. Mr. Underwood expresses the hope, now that a rehearing is taking place, that a modification of the order of the Commission will be obtained.

The contrast between the Erie's income statement for the late year and that of the year preceding is certainly very striking. In the fiscal year 1913 there was a surplus above fixed charges on the year's operations in the large sum of \$6,682,568, after contributing \$1,423,106 towards the sinking funds and for additions and betterments. For the fiscal year 1914, on the other hand, the surplus on the operations of the twelve months was only \$159,523, after contributions of \$1,263,452 to sinking funds and for additions and betterments. This change for the worse was entirely due to causes beyond the control of the managers. Both the coal and coke tonnage, which forms such a large proportion of the company's freight traffic, and the general handise traffic, were reduced, the revenue freight

traffic having decreased about 7% and the number of tons hauled one mile, roughly, 4%, this furnishing evidence of the stagnation in business to which President Underwood refers. Nevertheless, the shrinkage in gross revenues was not of exceptional proportions, gross operating revenue having been reduced only from \$62,647,359 to \$60,983,574, and the loss here would have been readily borne if it had stood by itself.

Unfortunately, however, the loss in traffic and revenues came coincidently with an augmentation in the expenses. These latter rose from \$46,146,760 to \$48,224,007, thus involving a double loss in the net, which accordingly fell from 16,500,599 in 1913 to \$12,759,567. At the same time there was a very noteworthy contraction in "other income," representing investments in outside properties, and evidently from the same cause. Examination of the expense accounts shows that there was a decided increase under every one of the leading heads. The call for maintenance of way and structures was \$729,687 larger than in the preceding year and that for maintenance of equipment \$515,812 larger, while traffic expenses were \$62,987 heavier, transportation expenses \$604,775 heavier and the general expenses \$216,911 heavier, making altogether (along with a small increase in the expenses of outside operations) a total increase in expenses of \$2,146,638. In the remarks already referred to at the annual meeting of the shareholders, Mr. Underwood in emphasizing that the property was capable of better results than indicated by the small surplus for the late year, said that a level of expenses had been established in the early months of that year which it was difficult to lower when business depression became so pronounced. This would apply, of course, chiefly to the outlays on maintenance account, these being always dependent more or less upon the volition of the managers. The inference from what Mr. Underwood said would be that these maintenance outlays in the late year were heavier than absolutely necessary according to strict requirements.

The same remark however, can hardly be made as to the increase in the transportation expenses, the traffic expenses and the general expenses. The fact that all these moved up so decidedly in the late year, in face of a decrease in the volume of traffic, is evidence that the Erie has suffered and is suffering from causes common to the whole railroad world, namely a rise in operating cost due to higher wages, full-crew laws and other legislative requirements, and the advance in the cost of practically everything else entering into the operating accounts of a railroad. As indicating the part played by rising operating expenses in affecting net results, we may note that while gross for 1914 was \$60,983,574 against \$56,649,908 three years ago, the net for the latest year (after deducting taxes) was but \$12,759,567 against \$16,404,607.

The strength of the Erie property lies in the large amounts that have been spent upon it in recent years, in no small part out of surplus income, and in the growing efficiency of operations which this has permitted. During the year under review \$5,438,378 was spent for additions and betterments to road and \$8,534,581 more was spent for additions and betterments to equipment, making nearly \$14,000,000 together and \$502,742 was also spent for additions and betterments and charged to income. From the reorganization of the company, on December

1 1895, to June 30 1914, \$30,437,216 was spent for new construction and \$44,740,648 for new equipment, making over \$75,000,000 for the two combined.

The effect of such large expenditures in promoting efficiency of operations can be readily imagined, and there is tangible evidence to that effect in the statistics. The shrinkage in traffic in the late year served temporarily to arrest the growing efficiency of operations, so that the average train-load for 1914 was slightly reduced—it being 590 tons, against 596 tons in 1913; but going back a few years further, it is found that in 1909 the average was no more than 469 tons. Including freight carried for the company's own use, the average train-load in 1914 was 641 tons, at which figure comparison is with an average of not quite 517 tons in 1909. As the company's tonnage consists so largely of coal and coke (in the late year 46.74% of the total revenue tonnage hauled consisted of coal and coke), the road is able to realize only low average rates, the average for 1914 having been 5.76 mills as against 5.86 mills in 1909; but such has been the increase in train-load that for 1914 the freight trains earned, roughly, \$3.40 per mile run against only \$2.75 in 1909.

It is evident, therefore, that the property is in good physical condition, that operating achievements are of a satisfactory nature, and there is promise of further improvement in the future. The problem now confronting the management, more particularly by reason of the considerable amount of short-time notes outstanding, is chiefly a financial one, and whether or not the problem shall prove easy or difficult will depend very largely upon the outcome of the present hearings before the Inter-State Commerce Commission for an advance in rates.

THE PRESIDENT ON THE WORK OF CONGRESS.

Commendation of Congress for the legislative work accomplished by it as witnessed in the enactment of the revised tariff schedules, the currency bill, the Clayton anti-trust bill and the Federal Trade Commission Bill is contained in a letter addressed to Representative Underwood by President Wilson under date of the 17th inst. In expressing his appreciation of what Congress has done, the President states that the legislative program "had several distinct parts and many items, but, after all, a single purpose, namely to destroy private control and set business free." "Private control," he states, "had shown its sinister force on every hand in America, had shown it for a long time, and sometimes very brazenly, in the trusts and in a virtual domination of credit and by small groups of men. The safest hiding-place and covert of such control was in the tariff." "High prices," he writes, "did not spring directly out of the tariff. They sprang out of the suppression of domestic, no less of foreign competition by means of combinations and trade agreements which could be much more easily contrived and maintained under the protection of a high tariff than without it. The European war came before the withdrawal of this much-coveted opportunity for monopoly could show its full effects and active competition bring prices to their normal level again; but it is clear enough already that the reduction of the tariff, the simplification of its schedules so as to cut away the jungle in which secret agencies had so long lurked, the correction of its inequalities and its thorough re-casting with the single honest object of revenue were an indispensable first step to re-establishing competition. The present Congress has taken that step with courage, sincerity and effectiveness. The soil in which combinations had grown was removed, lest some of the seeds of monopoly might be found to remain in it."

"With similar purpose and in like temper," he continues, "Congress has sought in the Trade Commission Bill and in the Clayton bill to make men in a small way of business as free to succeed as men in a big way and to kill monopoly in the seed. In like manner, by the currency bill we have created a democracy of credit such as has never existed in this country before."

Incidentally, the President lets it be known that he looks forward with confidence to the elections; "the voters of the United States," he asserts, "have never failed to reward real service. A practical nation is not likely to reject such a team, full of the spirit of public service, and substitute, in the midst of great tasks, either a party upon which a deep demoralization has fallen nor a party which has not grown to the stature that would warrant its assuming the responsible burdens of state. Every thoughtful man sees that a change of parties made just now would set the clock back, not forward."

The letter in full reads as follows:

The White House, Washington, October 17 1914.

My Dear Mr. Underwood.—I can not let this session of Congress close without expressing my warm admiration for the fidelity and intelligence with which the program outlined in April and December of last year has been carried out, and my feeling that the people of the country have been served by the Members of this Congress as they have seldom if ever been served before. The program was a great one, and it is a matter of deep satisfaction to think of the way in which it has been handled.

It had several distinct parts and many items, but, after all, a single purpose, namely, to destroy private control and set business free. That purpose was manifest enough in the case of the tariff and in the legislation affecting trusts; but, though perhaps less evident upon the surface there, it lay at the very heart of the currency bill, too. May I not add, even though it lies outside the field of legislation, that that, and that chiefly, has been the object of the foreign policy of the Government during the last 18 months?

Private control had shown its sinister face on every hand in America, had shown it for a long time, and sometimes very brazenly, in the trusts and in a virtual domination of credit by small groups of men. The safest hiding place and covert of such control was in the tariff. There it for a long time hid very shrewdly. The tariff was a very complicated matter; none but experts thoroughly understood its schedules. Many of the schedules were framed to afford particular advantages to special groups of manufacturers and investors. That was the soil in which trade combinations and combinations of manufacturers most readily grew, and most rankly. High prices did not spring directly out of the tariff. They sprang out of the suppression of domestic, no less than of foreign, competition by means of combinations and trade agreements, which could be much more easily contrived and maintained under the protection of a high tariff than without it. The European war came before the withdrawal of this much-coveted opportunity for monopoly could show its full effects and active competition bring prices to their normal level again; but it is clear enough already that the reduction of the tariff, the simplification of its schedules so as to cut away the jungle in which secret agencies had so long lurked, the correction of its inequalities, and its thorough re-casting with the single honest object of revenue were an indispensable first step to re-establish competition.

The present Congress has taken that step with courage, sincerity, and effectiveness. The lobby by which some of the worst features of the old tariff had been maintained were driven away by the mere pitiless turning on of the light. The principal was adopted that each duty levied was to be tested by the inquiry whether it was put at such a figure and levied in such a manner as to provoke competition. The soil in which combinations had grown was removed lest some of the seeds of monopoly might be found to remain in it. The thing had needed to be done for a long time, but nobody had ventured before to undertake it in systematic fashion.

The panic that the friends of privilege had predicted did not follow. Business has already adjusted itself to the new conditions with singular ease and elasticity, because the new conditions are in fact more normal than the old. The revenue lost by the import duties was replaced by an income tax, which in part shifted the burden of taxation from the shoulders of every consumer in the country, great or small, to shoulders more certainly able to bear it.

We had time to learn from the actual administration of the law that the revenues resulting from the double change would have been abundant had it not been for the breaking out of the present war in Europe, which affects almost every route of trade and every market in the world outside of the United States. Until the war ends and until its effects upon manufacture and commerce have been corrected we shall have to impose additional taxes to make up for the loss of such part of our import duties as the war cuts off by cutting off the imports themselves—a veritable war tax, though we are not at war; for war, and only war, is the cause of it.

It is fortunate that the reduction of the duties came first. The import duties collected under the old tariff constituted a much larger proportion of the whole revenue of the Government than do the duties under the new. A still larger proportion of the revenue would have been cut off by the war had the old taxes stood, and a larger war tax would have been necessary as a consequence. No miscalculation, no lack of foresight, has created the necessity for the taxes, but only a great catastrophe world-wide in its operation and effects.

With similar purpose and in a like temper the Congress has sought, in the Trade Commission bill and in the Clayton bill, to make men in a small way of business as free to succeed as men in a big way and to kill monopoly in the seed. Before these bills were passed the law was already clear enough that monopolies once formed were illegal and could be dissolved by direct process of law and those who had created them punished as for crime. But there was no law to check the process by which monopoly was built up until the tree was full grown and its fruit developed, or, at any rate, until the full opportunity for monopoly had been created. With this new legislation there is clear and sufficient law to check and destroy the noxious growth in its infancy. Monopolies are built up by unfair methods of competition, and the new Trade Commission has power to forbid and prevent unfair competition, whether upon a big scale or upon a little, whether just begun or grown old and formidable. Monopoly is created also by putting the same men in charge of a variety of business enterprises, whether apparently related or unrelated to one another, by means of interlocking directorates. That the Clayton bill now in large measure prevents. Each enterprise must depend upon its own initiative and effectiveness for success and upon the intelligence and business energy of the men who officer it. And so all along the line. Monopoly is to be cut off at the roots.

Incidentally, justice has been done the laborer. His labor is no longer to be treated as if it were merely an inanimate object of commerce disconnected from the fortunes and happiness of a living human being, to be dealt with as an object of sale and barter. But that, great as it is, is hardly more than the natural and inevitable corollary of a law whose object is individual freedom and initiative as against any kind of private domination.

The accomplishment of this legislation seems to me a singularly significant thing. If our party were to be called upon to name the particular point of principal in which it differs from its opponents most sharply and in which it feels itself most definitely sustained by experience, we should no doubt say that it was this: That we would have no dealings with monopoly, but reject it altogether; while our opponents were ready to adopt it into the realm of law, and seek merely to regulate it and moderate it in its operation. It is our purpose to destroy monopoly and maintain competition as the only effectual instrument of business liberty.

We have seen the nature and the power of monopoly exhibited. We know that it is more apt to control government than to be controlled by it, for we have seen it control government, dictate legislation, and dominate Executives and courts. We feel that our people are safe only in the fields of free individual endeavor where American genius and initiative are not guided by a few men as in recent years, but made rich by the activities of a multitude, as in days now almost forgotten. We will not consent that an ungovernable giant should be reared to full stature in the very household of the Government itself.

In like manner by the currency bill we have created a democracy of credit such as has never existed in this country before. For a generation of more we have known and admitted that we had the worst banking and currency system in the world, because the volume of our currency was wholly inelastic; that is, because there was more than enough at certain seasons to meet the demands of commerce and credit, and at other times far too little; that we could not lessen the volume when we needed less nor increase it when we needed more. Everybody talked about the absurd system and its quite unnecessary embarrassments, sure to produce periodic panics; and everybody said that it ought to be changed and changed very radically; but nobody took effective steps to change it until the present Congress addressed itself to the task with genuine resolution and an intelligence which expressed itself in definite action. And now the thing is done.

Let bankers explain the technical features of the new system. Suffice it here to say that it provides a currency which expands as it is needed, and contracts when it is not needed; a currency which comes into existence in response to the call of every man who can show a going business and a concrete basis for extending credit to him, however obscure or prominent he may be, however big or little his business transactions.

More than that, the power to direct this system of credits is put into the hands of a public board of disinterested officers of the Government itself who can make no money out of anything they do in connection with it. No group of bankers anywhere can get control; no one part of the country can concentrate the advantages and conveniences of the system upon itself for its own selfish advantage. The board can oblige the banks of one region to go to the assistance of the banks of another. The whole resources of the country are mobilized, to be employed where they are most needed. I think we are justified in speaking of this as a democracy of credit. Credit is at the disposal of every man who can show energy and assets. Each region of the country is set to study its own needs and opportunities and the whole country stands by to assist. It is self-government as well as democracy.

I understand why it was not possible at this session to mature legislation intended specially for the development of a system for handling rural, or, rather, agricultural credits; but the Federal reserve act itself facilitates and enlarges agricultural credit to an extraordinary degree. The farmer is as much a partner in the new democracy of credit as the merchant or manufacturer. Indeed, special and very liberal provision is made for his need, as will speedily appear when the system has been a little while in operation. His assets are as available as any other man's, and for credits of a longer term.

There have been many other measures passed of extraordinary importance, for the session has been singularly rich in thoughtful and constructive legislation; but I have mentioned the chief acts for which this Congress will be remembered as very notable, indeed. I did not mean when I began to write to make this letter so long, and even to mention the other legislation that is worthy of high praise would extend it to an inordinate length. My purpose in writing was merely to express my own great admiration for the industry and the leadership, as well as the wisdom and constructive skill, which has accomplished all these things.

I wish I could speak by name of the many men who have so honorably shared in these distinguished labors. I doubt if there has ever been a finer exhibition of teamwork and of unhesitating devotion to the fulfillment of party pledges—and yet the best of it is that the great measures passed have shown, I venture to say, no partisan bias, but only a spirit of serious statesmanship. I am proud to have been associated with such men, working in such a spirit through so many months of unremitting labor at trying tasks of counsel. It has been a privilege to have a share in such labors. I wish I could express to every one of the Members who have thus co-operated together my personal appreciation of what he has helped to do. This letter may, I hope, serve in some sort as a substitute for that.

I look forward with confidence to the elections. The voters of the United States have never failed to reward real service. They have never failed to sustain a Congress and administration that were seeking, as this Congress and, I believe, this administration have sought, to render them a permanent and disinterested benefit in the shape of reformed and rectified laws. They know that, extraordinary as the record is which I have recited our task is not done; that a great work of constructive development remains to be accomplished, in building up our merchant marine, for instance, and in the completion of a great program for the conservation of our natural resources and the development of the water power of the country—a program which has at this session already been carried several steps toward consummation. They know, too, that without a Congress in close sympathy with the administration a whole scheme of peace and honor and disinterested service to the world, of which they have approved, can not be brought to its full realization. I would like to go into the district of every Member of Congress who has sustained and advanced the plans of the party and speak out my advocacy of his claim for re-election. But, of course, I can not do that, and with so clear a record no Member of Congress needs a spokesman. What he has done speaks for itself. If it be a mere question of political fortunes I believe the immediate future of the party to be as certain as the past is secure.

The Democratic Party is now, in fact, the only instrument ready to the country's hand by which anything can be accomplished. It is united, as the Republican Party is not; it is strong and full of the zest of sober achievement, and has been rendered confident by carrying out a great constructive program such as no other party has attempted; it is absolutely free from the entangling alliances which made the Republican Party even before its rupture, utterly unserviceable as an instrument of reform its thought, its ambition, its plans are of the vital present and the hopeful future. A practical Nation is not likely to reject such a team, full of the spirit of public service, and substitute, in the midst of great tasks, either a party upon which a deep demoralization has fallen or a party which has not grown to the stature that would warrant its assuming the responsible

burdens of state. Every thoughtful man sees that a change of parties made just now would set the clock back, not forward. I have a very complete and very confident belief in the practical sagacity of the American people.

With sincere regard and admiration,

Faithfully, yours,

WOODROW WILSON.

Hon. Oscar Underwood,

House of Representatives, Washington, D. C.

In response to the above, Representative Underwood wrote the President as follows:

October 17 1914.

My Dear Mr. President.—I write to thank you for your letter commending the work of my colleagues in this Congress. It is a great pleasure to us all to know that the hard work of the past 18 months in carrying out the policy of your administration meets with your cordial approval.

I am sure that I can say for my colleagues, as well as myself, that, although we have striven earnestly to keep our promises to the people and write on the statute books legislation in keeping with the progressive spirit of the times, we feel that it is largely due to your magnificent leadership that we have accomplished in one Congress more remedial legislation in the interest of the American people than has been accomplished by legislation in several decades before this Congress met.

We can not expect that the reforms inaugurated by your administration will immediately demonstrate their worth. After a law is on the statute books, it takes months and often years before the sentiment of the country adjusts itself to the new conditions; but I feel sure that time will prove that the legislation which has been enacted at this Congress is the beginning of a new life for our Nation. We have opened the way to fairer business conditions and established on a firm foundation individual liberty and business freedom for our people. I believe we can now look forward to an era of peace with all foreign nations and prosperity for our people at home as the crowning success of your great administration of the Government of our country.

With kindest regards, I am,

Cordially and sincerely yours,

O. W. UNDERWOOD.

HON. WOODROW WILSON,

President of the United States.

MEASURES OF RELIEF FOR COTTON PLANTERS.

One of the measures for the relief of the cotton planters, calling for the deposit of \$250,000,000 of Government funds in Southern banks to be loaned to cotton planters at not more than 4%, was defeated in the House on the 21st inst. The bill, sponsored by Representative Henry, was offered as a rider to the Glass bill amending the Federal Reserve Law intended to permit banks to issue circulating notes on commercial paper up to 100% of unimpaired capital and surplus. As indicated in our item on the "War Tax Bill" (on another page), similar legislation which it was proposed to tack on to the War Revenue Bill was defeated in the Senate on the 17th inst. The Southern Congressmen, in furtherance of attempts to effect the desired legislation, blocked the plans for adjournment on Thursday; in the Senate Hoke Smith demanded successive roll-calls on motions to adjourn; the House had already passed a resolution to adjourn at 6 p. m., but its resolution automatically died with the failure of the Senate to act. With the War Tax bill out of the way, a general exodus from Washington was begun, and it was realized that it would be impossible to get another quorum to pass an adjournment resolution until after election. Efforts to adjourn were renewed, however, yesterday, but met with no better success than on Thursday.

Further progress towards the consummation of the plans for a \$150,000,000 cotton pool has been made this week. W. P. G. Harding of the Federal Reserve Board was in conference here on Wednesday of this week with local bankers. Among those reported present at the conference were Albert H. Wiggin, Chairman of the Clearing-House committee; James S. Alexander, President of the National Bank of Commerce; Francis L. Hine, President of the First National Bank; A. J. Hemphill, President of the Guaranty Trust Co.; Walter E. Frew, President of the Corn Exchange Bank; Lewis L. Clarke, President of the American Exchange National Bank, and Festus J. Wade and two of his associates from St. Louis. The conference, it is understood, was mainly with regard to the part the New York financiers shall play in the plan; and, while no official results of the meeting were announced, it is understood that further revision of the plan was suggested by the New York bankers. The revised plan was presented at a meeting of the Federal Reserve Board in Washington yesterday, at which some of the bankers interested in the cotton pool were present.

It was reported that Arkansas State wholesale and jobbing firms had virtually subscribed \$1,000,000 towards the State's proportion of the \$150,000,000 cotton pool. Little Rock business men, it is stated, have pledged more than \$200,000 of the amount.

At a conference of Governors of Southern States called by Governor George W. Hays of Arkansas, and held in Memphis this week, a resolution was adopted approving the \$150,-

000,000 cotton pool and urging upon the farmers of the South the necessity of a curtailment of cotton production in 1915 of at least 50%. Only four executives appeared in person at the meeting. Two others were represented. Those present were Governors Hays, Arkansas; Hall, Louisiana; Brewer, Mississippi, and Blease, South Carolina. North Carolina was represented by C. W. Poe of the State Agricultural Department and Tennessee by State Senator J. B. Johnsonius of Paris.

J. H. McLaurin of Jacksonville, Fla., President of the Southern Wholesale Grocers' Association, was in this city on Thursday in conference over the plan to relieve the cotton situation. The organization of which Mr. McLaurin is the head was about to put its own plans in operation, but finally consented to withdraw them in the interest of the united efforts being made along the lines of the St. Louis plan.

The North Carolina Bankers' Association will hold a special meeting in Raleigh on Oct. 23 and take action on the St. Louis cotton plan. North Carolina's part of the subscription is stated to be \$3,500,000.

The bill and all amendments thereto providing for a compulsory reduction of cotton acreage was defeated in the Texas House of Representatives on Oct. 19. The Dallas "News" says:

The bill under consideration was the committee substitute for the Reedy (Administration) Felony Bill, the committee substitute providing that only 25 per cent. of all cultivated acreage may be planted in cotton in 1915. The first vote was taken on the Burns of Hill substitute (50 per cent reduction, with special provisions for small farmers). This was lost, 26 ayes, 73 noes.

The Blalock total elimination amendment was lost, 9 ayes and 89 noes.

The Calvin 30 per cent amendment was lost, 3 to 67.

The Raiden 40 per cent amendment was lost, 33 to 66.

The Lewelling amendment, limiting cotton planting in 1915 to a flat fifteen acres per householder, was lost, 3 ayes to 93 noes.

The committee substitute was lost, 45 to 52.

The original Reedy (felony) bill failed to go to engrossment by a vote of 12 to 84.

It was said that Governor Colquitt did not contemplate recalling the Legislature but would discuss the matter before the people and ascertain the sentiment of the State regarding this class of legislation. If he thinks it favorable, he will call a special session after the election and submit the matter.

The South Carolina Legislature, which was called in special session Oct. 6 to enact legislation for the relief of the cotton planters, has taken action this week on certain measures designed to accomplish that purpose. The Senate on Wednesday (Oct. 21), by a vote of 25 to 4, passed a bill providing for the issuance of \$35,000,000 5% State bonds, to be exchanged for or loaned upon cotton produced in South Carolina. The bonds are to run five years, the State having the option, however, to redeem any portion at any time. The measure now goes to the House, and if adopted by that body will be submitted to the voters on Nov. 3. To become effective it must receive the affirmative votes of two-thirds of the qualified electors voting on the question. On the same day (Oct. 21) a concurrent resolution was adopted by both branches of the Legislature to send two members of each body to Washington to confer with Secretary of the Treasury McAdoo and determine whether currency would be issued against these bonds through the regional banks. The cotton acreage reduction bill as prepared by the special committee of the South Carolina House of Representatives was passed by that branch of the Legislature on Oct. 15 by a vote of 77 for to 20 against. The substance of the bill was reported in these columns last week, and it is provided that the acreage to be planted to cotton be limited to one-third the arable lands of the State, and that in no case shall any person plant or cultivate more than six acres to each regular work animal. The bill provides a penalty of not less than \$25 nor more than \$100 for each and every acre planted or cultivated in excess of the number allowed, the same to be recovered by an action brought in the name of the State. In the Senate, however, on Oct. 20, this bill was amended so as to limit the production to 2,500 pounds lint cotton to the work animal and place a tax of 5 cents a pound on all cotton over this amount. The question of total elimination of cotton planting during the year 1915 was under discussion in the House on Oct. 20 but no action was taken prior to adjournment on that day. What is known as the McLaurin bill, providing for a State system of warehouses for the storing of cotton and the validation of cotton warehouse receipts was passed by the Senate Oct. 14 and sent to the House.

That total elimination of all cotton acreage is the plan which would meet satisfactorily the present cotton situation is the belief of United States Senator Luke Lea of Tennessee. According to the "New York Times," he advocates an amendment which is meant to be an adaptation of the law of supply and demand. He argues that total elimination next year would immediately enhance the value of the existing crop to a point where it would produce quite as much as this year's and next year's combined under present abnormal conditions. T. K. Newman, of the firm of Isidore Newman & Son of New Orleans, also expresses the opinion that total elimination, according to his observations, is the only solution of the cotton problem. In a long statement in the "Times," Mr. Newman reviews the various plans for legislative action and points out the impracticability of all the suggested measures except the \$150,000,000 cotton pool, which, he says, would be helpful but cannot by itself solve the problem. He states:

A careful study of the question made on the ground shows that there is a lack of co-operation among the interested parties, and no solution will be found, or, if found, can be put into execution without hearty co-operation of the various representatives of the cotton-growing States, supplemented by at least the moral support of the National Government.

He further says:

The United States Government could be memorialized by the cotton-growing States to impose a tax of 2 cents a pound on all cotton grown in 1915. It is clearly within the Constitutional right of the United States Government to impose such tax, but of course no one can conceive that the Government would apply such a remedy unless it is sought by the people who are to be taxed. Such a plan as this is proposed in the amendment of Senator Smith of Georgia, who provides in his bill for a tax of 2 cents a pound on all lint cotton grown or produced in excess of 50% of the total amount of cotton raised in 1914. Finally, if the South awakened to the soundness of the plan to eliminate cotton for 1915, the brains of the South will find a way to put the plan into quick effect.

Col. Robert Ewing, publisher of "The Daily States" in New Orleans and Democratic National Committeeman from Louisiana, also considers curtailment of production as the only remedy this to be accomplished by a prohibitive acreage tax to be imposed by the Federal Government. He concludes his statement with the following:

It is to be earnestly hoped that all efforts to secure legislation along any lines other than reduction of acreage will be abandoned, and that the members of Congress from the South will address themselves to the proposition of working out some practical plan easy of administration which will bring about the desired result. This is in line with the unanimous action taken by a convention of cotton producers in New Orleans in September.

J. T. Watt, of Talladega, Ala., in charge of Government farm demonstration work in Alabama, believes, according to a statement in the "Post," that the farmers of that State are going to work out the cotton problem themselves by reducing acreage to be devoted to cotton next year 50%. He says:

This fall, according to all indications, Alabama will sow 1,000,000 acres of land planted in cotton last spring, in oats. Over 200,000 acres will be planted in clover, and just as much wheat will be planted as seed can be obtained. Just as soon as 50% of cotton land is planted in grain that absolutely assures a curtailment of the cotton acreage, the cotton situation will work out automatically. The surplus of this year's crop in that event would soon be sought by the spinners at normal prices.

The New York "Times" prints a dispatch from Montgomery, Ala., dated Oct. 19, which says:

An appeal to the Democratic Party in ten Southern States for concerted action in relieving the cotton situation to-day was issued by here Gen. Bibb Graves, Chairman of the State Democratic Committee.

"If complete disaster is to be averted, extreme measures are necessary, and the States of the solid South must quickly get together and work out their own salvation," Gen. Graves declared.

The plan he proposes calls for the convening of the legislatures in North and South Carolina, Alabama, Georgia, Florida, Mississippi, Louisiana, Texas, Oklahoma and Tennessee.

A dispatch from Atlanta, Ga., printed in the "Journal of Commerce and Commercial Bulletin," says:

The Frictionless Metal Co. of Chattanooga, which purchased 100 bales of cotton for cash at 10 cents a pound when the movement first started, will accept cotton for cash at 10 cents a pound for all purchases made after this date.

The company has issued a letter urging all jobbers, manufacturers and importers to accept cotton on the same basis as their customers have taken it as a means of enabling Southern merchants to utilize cotton they have taken from the farmers at 10 cents a pound. The letter is as follows:

"The proposition we are making contemplates using about one-third of our capital in business to help relieve the cotton situation. The merchants of the South will be compelled more than ever before to take cotton in lieu of cash from their customers, and there appears to be no reason why these merchants should not be placed in a position at this time to use such cotton with which to buy goods. Their purchases for the next six months will amount to more than the value of the present cotton crop. The manufacturers, jobbers and importers in every section of the country have been enjoying a profitable trade from the Southern merchants for many years and will not hesitate in meeting the situation if appealed to in a frank and businesslike way. The press of the South can do much to inaugurate this plan and make it a success."

The cotton situation in Mobile and Birmingham, Ala., has been greatly relieved, according to a statement in the Montgomery "Advertiser," by J. T. Schley of Mobile, a

representative of the Warrant Warehouse Co. of the above cities:

Through the plan the warehouse company is issuing 7% interest-bearing notes in denominations of \$5, \$10, \$15, \$25 and \$50 to all stores of cotton on middling basis, payable on or before twelve months after the date of issuance, he says, the banks of Mobile and Birmingham have agreed to accept these notes in payment of obligations, and many of the wholesale and retail merchants of these cities have agreed to accept them in payment for goods in lieu of cash.

The farmer, on storing his cotton, gives the warehouse his note for \$30, payable in eleven months. The warehouseman, in turn, through the clearing-house association, gives the farmer a certificate for a like amount, which has a cash value with merchants co-operating in the plan. Banks of the clearing-house association accept them at their face value and they are payable within twelve months.

The "Journal of Commerce and Commercial Bulletin," in a dispatch from Savannah, Ga., dated Oct. 22, says:

The United Cotton Warehouse Corporation, organized several days ago by a number of prominent cotton factors for the purpose of providing storage facilities for cotton at this port, has already begun business in the Kelly Building, just east of the City Hall. The first receipts for cotton placed on storage with the corporation were at once issued to the owners of the cotton. For the present the United Cotton Warehouse Corporation is using the warehouse and storage facilities owned by the various factors who are charter members of the corporation. It is not now advancing money on cotton that is placed with it for storage. Though the corporation will not build additional warehouses this season, it is probable that it will do so later, provided the necessity for them is felt.

Sylvania, Screven County, Ga., according to the Boston "News Bureau," has put in operation a plan for financing the cotton crop of that section by which cotton is stored in a local bonded warehouse, and a trustee, who is the probate judge of that county, subscribes as trustee to a 6% certificate issued in \$1, \$5 and \$10 units based on cotton at 7-cent-per-pound basis of middling. The plan, it is stated, was originally suggested by W. P. G. Harding of the Federal Reserve Board, and is now in practice substantially in the same form in other parts of the cotton belt, notably in Texas. The certificates, which are about the size of a bank note, read as follows:

Consolidated Warehouse Company, Sylvania, Ga.

No. No.
This certifies that there has been deposited with the Honorable J. C. Overstreet, Ordinary of Screven County, as trustee for the said Consolidated Warehouse Company, approved warehouse receipts attached to farmers' notes on the basis of seven cents (7c.) per pound for middling upland cotton, to secure to the bearer hereof the payment of the said Consolidated Warehouse Company of the sum of

One Dollar

in lawful money of the United States of America, payable six months after Oct. 1 1914, with interest from Oct. 1 1914 at the rate of 6% per annum. The cotton securing this certificate is insured against loss by fire at the rate of \$45 per bale, and the receipt representing same is issued by a bonded warehouse man. Certificates payable at Citizens and Screven County Bank or Sylvania Banking Co. on April 1 1915.

Treasurer Consolidated Warehouse Co.

Ordinary Screven County, Ga., Trustee.

[On Back.]

This cotton certificate will be accepted on deposit by the banks named below and checks against same paid in like funds, at the option of the bank. It will also be accepted at par in payment of any obligations due to said banks, to wit:

Citizens' and Screven County Bank, Sylvania Banking Co.,
W. J. Walker & Co., bankers.

This certificate being fully secured and payable to bearer, with interest, will also be accepted at par by the following merchants in payment of any obligations due them, and may be freely used by any other merchant or individual in the same manner:

All merchants Sylvania, Ga.	W. A. Mallory & Bro.	M. L. Parker.
All merch. Newington, Ga.	J. T. Averitt.	J. C. Dixon.
Sylvania & Girard RR. Co.	L. P. Pearson & Son.	U. A. Zeigler.
Farmers' Oil & Fertilizer Co.	A. R. Roberts.	A. B. Lewis.
Screven Telephone Co.	J. L. Limerick.	H. B. Walker & Co.
Telephone Publishing Co.	C. C. Limerick Co.	H. & J. C. Reddick.

According to the St. Louis "Republic," the plan to help dispose of this year's cotton crop by increasing the use of cotton bags, cotton twine, &c., was given hearty support at a meeting of merchants, manufacturers and railroad men at the offices of the Business Men's League in St. Louis on Oct. 17. In an address to the meeting, R. D. Bowen, Paris, Tex., Chairman of the Committee for Greater Cotton Consumption, Southern States Cotton Association, said of the suggestion to substitute cotton bags for jute ones whenever possible in this country, that it would mean the consumption of 3,000,000 bales, and that fully \$125,000,000 which now goes out of the country each year to pay for jute would thus be kept here. Pledges were also made by many of the representatives of the prominent business houses of St. Louis of assistance along this line.

The National Association of Master Bakers is reported to have adopted a resolution at Richmond this week calling upon the millers of the country to deliver flour to them in cotton sacks. Ballard & Ballard, millers, of Louisville, Ky., it is also stated, have sent a circular letter to every commercial and industrial body in the South asking them to

urge their members to use cotton bagging for packing purposes in place of jute.

Of the mass of letters, circulars, etc., regarding the cotton situation, now being sent out through the South the following letter printed in the Journal of Commerce and Commercial Bulletin is interesting for its common sense. The letter was sent out by Charles E. Nash, President of the Nash Hardware Company of Fort Worth, Tex., criticises the cotton growers for placing themselves in the attitude of mendicants or Indians (wards of the Federal Government) and urges the merchants to insist that the farmers sell part of their product at least and pay their bills:

To the Retail Trade:

We are not in the cotton business, but we know enough to say that an article or commodity is only worth what it will bring when offered for sale. If 8c per pound or even 7c per pound is all that a farmer can get for cotton, then that is all that cotton is worth, regardless of what it costs to raise it.

It is said that a farmer cannot raise cotton at less than 10c per pound, yet a great many thousand farmers got rich or at least independent raising it at 7c per pound, and that was when everything else that he raised was sold at a very much lower figure than is ruling to-day, and everything that he bought cost a good deal more than to-day. Besides this, he didn't get \$7 per bale for seed, as he gets to-day.

We give you the following comparisons:

He buys a hoe for 50c. that used to cost 75c.
He buys a file at 15c. that used to cost 35c.
He buys a single tree at 35c. that used to cost 50c.
He buys a sweep at 8c. that used to cost 15c. per pound.
He buys a plier at 75c. that used to cost \$2.
He buys nails at 4c. that used to cost 5c. per pound.
He buys wire at 3½c. that used to cost 10c. per pound.
He buys hames at 50c. that used to cost 75c.
He buys traces at 45c. that used to cost 75c.
He pays 60c. for picking where he used to pay \$1.
He borrows money at 8 to 10 per cent where he used to pay 12 and 15 per cent.

He sells wheat at \$1 that used to bring 60c.
He sells oats at 50c. that used to bring 18c.
He sells corn at 75c. that used to bring 15c.
He sells hay at \$14 that used to bring \$4.
He sells turkeys at \$2 25 and sometimes \$4 that used to bring 60c. to 75c.
He sells chickens at \$3 50 that used to sell at \$1 25 to \$1 50 per dozen.
He sells a horse at \$150 to \$225 that used to sell from \$50 to \$100.

When he was confronted with the above conditions he bought land on time, cleared it, fenced it and soon paid for it, raising cotton at 7c per pound. But if, indeed, he is making less profit this year than formerly, the same condition is true with you, and with us, and with the business world at large. He ought not to put himself in the attitude of a mendicant or as the Indian, a ward of the Government. He ought to be a good sport. He ought to take his losses just as manfully and as gracefully as the rest of us are doing.

The retail merchant owes it to himself, to his jobber and to his bank to insist on the farmers selling at least a part of their cotton. A man has an unquestioned right to speculate on his own money, but he has no right to speculate on the other fellow's money. The farmer has a right to hold his cotton till doomsday if he does not owe anything; but he has no right whatever to hold his cotton to the financial embarrassment of the retail merchant who since spring has fed and clothed his wife and children and furnished him with the means with which to make that cotton.

An appeal to the American banker to use his influence in restoring confidence by urging the farmers not to speculate on the fluctuation of future prices and recommending the Southern farmer to diversify his crops, &c., is made by the National Implement & Vehicle Association through its Secretary and General Manager at Chicago, E. W. McCullough. In his letter addressed to the bankers Mr. McCullough says:

What is needed now to restore confidence and to put the unemployed back on the pay-roll?

We believe the American banker holds the key.

He is the business adviser of commerce, and in the rural community enjoys, and justly so, a position of special responsibility, trust and power, which we fully appreciate.

The responsibility imposed on the American farmer by the war is tremendous, for this country will be called on as never before to help feed the nations of Europe. To set the wheels of industry and commerce in motion, credit, confidence and courage are needed, and as we believe the banker can lead the way to a resumption of industry, we respectfully recommend for his careful consideration the following:

(1) Urge the farmer who has harvested his grain not to speculate on the fluctuation of future prices.

(2) Recommend to the farmer of the South to diversify his crops. Experience has shown that a one-crop country cannot continue to bring prosperity to its farmers. The great wheat States of the Dakotas are diversifying. Our cotton States should do likewise.

(3) Preach preparedness for the 1915 harvest. Care in seed selection, proper tillage and cultivation will bring increased crops to meet the increased demands. More intensive cultivation quite as much as increased acreage will bring prosperity to the farmers.

(4) Increase the number of farms raising stock and thereby secure a natural fertilizer for the soil. Cattle, hogs and poultry mean ready money and bank accounts.

(5) Secure for the agricultural community the benefits provided in the new currency law by creating a demand for the early opening of the various Federal reserve banks.

(6) Discourage all speculation, but encourage the expansion of legitimate business in the rural communities by reasonable extension of credit.

The agricultural communities and the bankers who serve them were never in a more secure position or one that promised more if the opportunities are embraced.

We hear on all sides that the European war has left the door wide open for this country to enter and secure the markets of the world. This cannot be done in a day or in a year. Let us first bring this country's industries back to their normal condition. This must be one before an increased foreign trade can be secured.

An opportunity is here presented for the American banker and we believe that he will rise to it.

RE-HEARING OF THE FREIGHT RATE CASE.

The re-hearing of the application of the Eastern roads for an increase of 5% in freight rates was begun before the Interstate Commerce Commission at Washington on the 19th inst. The decision to grant further hearings in the matter was reached by the Commission on September 19, following the filing of the petition of the roads to this end on the 15th of that month. Louis D. Brandeis was present at this week's hearing as counsel to the Commission; Clifford Thorne represented the State Railroad Commissions of Iowa, Kansas, Nebraska, North Dakota, South Dakota, Oklahoma, Arkansas, Arizona, Idaho, Nevada, New Mexico and Utah, and in addition represented the Corn Belt Meat Producers Association, the Iowa Farmers' Grain Dealers Association, the National Council of the Farmers' Co-operative Association and the American National Live-Stock Association, which are opposed to the granting of the increases. With the exception of Chairman Harlan, all of the Commissioners were in attendance. Daniel Willard, President of the Baltimore & Ohio RR., and Chairman of the Presidents' Committee on behalf of the petitioning roads in Official Classification territory, opened the case before the Commission.

His statement summarized the general facts upon the basis of which the railroads maintain that the Commission should now allow the general increase of 5% in freight rates. Mr. Willard called attention to the decision of the Commission in the former case, wherein was stated that "the net operating income of the railroads in Official Classification territory . . . is smaller than is demanded in the interest of both the general public and the railroads," and to the fact that the railroads had already taken action to secure additional revenues through various advances and changes of practice; "but," added Mr. Willard, "the measures of relief proposed by the Commission will not in our opinion adequately meet the existing situation." Among other things Mr. Willard said:

"The annual statements of all the railroads involved in this proceeding combined, for the fiscal year ending June 30, 1914, show roundly that the total operating revenues during that year were approximately \$48,000,000 less than during the previous year, while the operating expenses during the same period were approximately \$22,000,000 greater.

"The net operating income of these companies for the same period amounted to \$260,000,000, or approximately \$76,000,000 less than was earned during the previous year, and equal to but 3.98 % upon the property investment, a lower return than was shown at any time in fifteen years.

"The income applicable to interest, dividends and surplus during the fiscal year just closed was \$265,700,000 or 4.06% upon the total capital obligations, this return also being lower than any in fifteen years.

"A war such as that now raging causes great and immediate disturbance to industry, commerce and finance. It causes contraction of credit and great restriction, if not the actual stoppage of international trade as well as serious disturbance to domestic commerce, and, as we have seen, it has thrown the security markets of the world first into panic and then in suspension of operation.

"These have, in fact, been the immediate, direct and clearly apparent consequences of the war which began less than three months ago; but the ultimate and more lasting consequences are almost as plainly to be seen, and will certainly follow, if they do not accompany, the conditions mentioned.

"These are enormous destruction of wealth, with great diversion of labor and capital to unproductive employment, thus causing a check to the world's accumulation of new capital, and a serious and prolonged rise in the rate of interest. The effect of such higher interest rates will continue long after the present emergency has passed, because they will be reflected in the basis upon which the new securities will be issued from time to time as required for refunding and other purposes.

"In so far as the war and its consequences tend, as I have just shown, to change the conditions surrounding the enlistment of new capital, they tend to change the fundamental relations between railroad and shipper, for the cost of capital is one of the most important elements of the cost of transportation.

"It is known that the railroads of the United States have over \$520,000,000 of outstanding obligations which will mature and must be met within the next twelve months alone. It was shown in the original record in this case that the railroads in Official Classification territory only had spent approximately \$200,000,000 per annum upon their properties for improvements and extensions during the last ten-year period, and it will be necessary to continue such expenditures if the roads are to maintain their standard of service and provide for the growing needs of the future.

"Further, as nearly as can be ascertained, there are more than \$3,000,000,000 par value of American railroad securities held abroad as investments. The demands for cash in Europe, growing out of the present situation, will doubtless result in large selling of such securities when the markets or stock exchanges are again opened, and the possible effect of such selling upon railroad credit and related subjects is causing much concern.

"With all this in mind it will readily be seen that the available supply of and probable demand for new capital, as well as the interest rates thereon, are matters of great importance, not only to the railroads, but also to those who depend upon them for transportation."

Mr. Brandeis vigorously assailed Mr. Willard's position in cross-examination, particularly calling attention to the fact that the Baltimore & Ohio RR. had adhered this year to its policy of declaring 6% dividends despite an annual deficit of more than \$3,000,000 in its net revenues. Mr. Willard said the dividend had been maintained at 6% this year on his recommendation. He declared he believed it

would be justified by the fact that the road had \$32,000,000 in surplus. "I am not prepared to say, however," he added, "what I may recommend in future, in view of present conditions." Mr. Willard stated that he had recommended the continuance of the 6% dividend because it was necessary to maintain the credit of the line. A recent note issue of \$35,000,000 by the Baltimore & Ohio was marketed at par, bearing 4½% interest and a commission of ½ of 1% was paid, making the total cost to the company 5%. This issue must be met in June next year, he said, and the present outlook was that money could not be obtained then at less than 7 or 8%. Mr. Brandeis took exception to the statement of the Baltimore & Ohio surplus. He insisted that \$22,000,000 of the \$32,000,000 was represented in the line's investment in securities of the Cincinnati Hamilton & Dayton RR., now in the hands of a receiver. Mr. Willard admitted this, but declared the purchase of that road was not at issue in the present hearing. "Whatever our necessities," he said, "they are not due to the Cincinnati Hamilton & Dayton." Mr. Brandeis declared the statement of the railroads had disclosed so far nothing originating since the Commission's recent ruling rejecting the Eastern lines' previous plea for a 5% advance in rates. In reopening the case the Commission specifically limited it to matters arising since that time. Mr. Brandeis said that decision had forecast a falling off in revenue of \$75,000,000 for the period embraced, and the companies' statement of \$76,000,000 shrinkage only served to confirm that estimate.

"The Commission also forecast improvement in business conditions," said Mr. Willard, "whereas there actually has been retrogression." According to the New York "Sun," Mr. Willard was asked by Commissioner Clements as to the significance of his statement that \$3,000,000,000 of American railroad securities were held abroad. The "Sun" in its account says:

He replied that it was believed that when the stock exchanges here are opened the demands for cash in Europe will result in a very large selling of these securities and make the condition of the railroads worse. Mr. Willard said that if the railroads were permitted to increase rates it would serve to reassure the holders of these securities and stabilize matters.

"If this Commission will allow an increase the foreigners will get a bigger price than now," suggested Mr. Brandeis.

Mr. Willard contended that when the stock exchanges were opened if this country were obliged to take back a flood of American securities held in Europe it would be impossible for the railroads to raise money for needed improvements.

Commissioner Hall suggested that perhaps favorable action by the Commission along Mr. Willard's line of thought might result in still larger dumping of securities on the market by foreigners.

"Now, I want to ask you," said Commissioner Clements, "is this application for the purpose of getting more out of the proposed rates for net revenue or for the purpose of establishing credit?"

"Replying to that question," said Mr. Willard, "I reply simply as chief executive of the Baltimore & Ohio RR. In my opinion, the Baltimore & Ohio is a going property, is fairly capitalized, well worth its outstanding obligations and much more. If we are to judge the future by the past, it will be necessary for us to spend about \$15,000,000 a year for some years to come. I would like to be in a position to recommend to people who write me the purchase of securities, but I cannot conscientiously at the present time recommend to any one to purchase under present circumstances, and I therefore think that we ought to have the rates advanced. I think the rates ought to be increased so we can make the necessary improvements to meet the conditions presented."

Then Commissioner Clements, addressing Mr. Willard, said:

"Many industries, large industries, well managed, are now standing still to see what is going to happen; that however bad we think our situation is, it is better than any one else's in the world. Export commodities are being stored and the cotton people are in distress. This condition applies to many lines of business and affects many industries. Is that a situation which should be left out of view when you come to consider an increase of railroad rates, particularly to keep up long standing dividends?"

"The railroad is a semi-public institution," said President Willard. "It cannot close its shop; for instance, 30% of our passenger mileage does not pay for the running."

Commissioner Meyer then asked: "Do you mean that conditions since July 29, when the Commission handed down its decision, have changed, or is it that you want to shift the burden from the shareholders to those who pay the freight?"

"I do not think it will have that effect," said Mr. Willard.

The specific differences in the financial situation of the thirty-eight Eastern carriers now as compared to one year ago, when the 5% rate advance was first requested, were presented to the Commission on Monday by George M. Shriver, Vice-President of the Baltimore & Ohio RR. Mr. Shriver is Chairman of a Committee of Accounting Officers appointed to compile data for the railroads as a whole. His figures covered the period to June 30 1914. "A striking feature of the 1914 returns," said Mr. Shriver, "is the complete disappearance of surplus or margin." The figures presented showed that the railroads in this territory paid in 1914 average dividends of 4.58%, but that they fell short by \$8,200,000 of earning that dividend—itsself the lowest rate of dividend paid in ten years. The year 1914 was the first year in fifteen years in which these railroads earned no surplus over the dividends paid. For the three systems generally considered prosperous, viz.: the Pennsylvania, the New

York Central and the Baltimore & Ohio, the surplus or margin after an average dividend of 5.53%, according to Mr. Shriver, was only \$461,235. In 1913 it was \$47,083,000, and had averaged \$38,733,000 for fifteen years. In the previous case special attention was called to the fact that whereas all the roads concerned in this proceeding had in the three years ended June 30 1913 invested \$660,000,000 in their properties, their net operating income in 1913 was \$16,300,000 less than for 1910, before the \$660,000,000 had been spent. Mr. Shriver presented figures this week showing that during the past year these same roads had invested \$249,000,000 additional in their properties, and yet their net earnings were \$70,500,000 less than for 1913. In other words, in four years \$909,000,000 had been invested in these properties, and yet on June 30 1914 these companies were \$87,500,000 worse off in net operating income than they were before the \$909,000,000 had been spent. Operating revenue in 1914 was \$1,375,000,000, less by \$48,000,000 than in 1913, although operating expenses (notwithstanding the smaller amount of business handled) were \$22,000,000 more than in the previous year. While the business handled in 1914 was, excepting 1913, the largest in fifteen years, the net operating income was the smallest shown in ten years. Taxes increased \$2,900,000 in 1914. These railroads paid \$22,000,000 in taxes in 1900; they paid \$57,000,000 in 1914—an increase of 159%. The taxes paid by the three larger systems were \$33,400,000 in 1914, an increase of \$2,180,000 over 1913. These same companies paid but \$12,200,000 in 1900—an increase for the period of 173%.

Data concerning the Pennsylvania Railroad System filed with the Commission in connection with the application for increased freight rates show that the net income from operations was lowest for the fiscal year ending June 30 1914 for any year since 1905. Since 1905 the Pennsylvania Railroad System has invested \$512,325,000 in additional railroad facilities; yet in 1914 the System's net income from operations was \$2,840,588 less than it was before the \$512,325,000 had been spent. The net operating income of the Pennsylvania System was actually less in 1914 than it was in 1902.

As compared with the year 1913, the Pennsylvania figures for 1914 show:

Total capital obligations increased.....	\$32,247,025
Property investment increased.....	61,232,251
Total operating revenue decreased.....	12,520,911
Total operating expenses decreased.....	4,249,754
Net operating revenue decreased.....	8,271,157
Tax accruals increased.....	794,317
Net operating income decreased.....	11,153,854

Figures covering the operations of the New York Central Lines filed with the Interstate Commerce Commission showed that net operating income of that System for 1914 was less than it had been in any year since 1906. In 1906 the New York Central Lines handled a business from which they received earnings of \$217,150,770, and their net operating income was \$52,305,096. Since 1906 the New York Central Lines have added \$443,629,000 to their investment in railway property. Using these additional facilities, they were able to handle a business in 1914 yielding gross operating revenues of \$295,659,093. This was an increase of \$78,509,000 over the business of 1906. But owing to increased operating expenses, taxes, etc., net operating income in 1914 was less by \$6,102,000 than it was with the much smaller gross business of 1906, and before the \$443,600,000 had been spent for increased facilities. The year 1914 was the first in fifteen years when the New York Central System failed to earn a surplus over its dividends.

Data submitted by the Baltimore & Ohio Railroad System show that the net operating income of that company was lower than in any year since 1902, excepting the panic year 1908. It was lower by over three million dollars than for 1913. In 1902 the Baltimore & Ohio realized total operating revenue of \$62,584,670. Its net operating income was \$21,573,341. In the twelve years 1902 to 1914 this system added approximately \$146,000,000 to its property investment, and in 1914 its gross earnings were slightly over \$100,000,000, or about \$38,000,000 more than in 1902. Nevertheless, in spite of this increase in property investment of over 37 per cent. and the increase in gross business of 55 per cent, the system's net operating income in 1914 was almost exactly one million dollars less than in 1902, before the added investment of \$146,000,000.

At Tuesday's hearing Mr. Willard again appeared on the stand, together with Charles A. Conant, of New York and Frederick Strauss of J. & W. Seligman & Co. The last named was present as one of the representatives of the Investment Bankers' Association of America. During the

cross-examination of Mr. Willard on Tuesday, Commissioner McChord commented on the amount the proposed five per cent increase would realize, estimated at \$50,000,000, and asked if this would accomplish the correction of all the oppressive conditions of which the carriers complained. Mr. Willard expressed the opinion that the proposed 5% would not be sufficient—that as a matter of fact 10% would not be an excessive increase to ask for.

According to the "Sun" President Willard quoted the Commission's words in its recent decision "The public interest demands not only adequate maintenance of existing railroads but a constant increase of our transportation facilities to keep pace with the growth and requirements of our commerce," and added:

"I simply wish to be recorded as having stated under oath that in my opinion with the understanding which I have of the railroads involved in this proceeding they are not as a whole to-day being adequately maintained; they are not conforming to that condition which the Commission set up as a desirable standard, nor are they making proper provisions for the constant growth which they may expect.

"I wish also to state that in my opinion, based upon such knowledge as I have of the business and of the condition of these carriers, when we shall again be confronted with a condition of business activity, as we may reasonably expect in the not distant future, the railroads in this territory, unless they are in some way put in such a position as to justify them to begin immediately to provide facilities, will fall short of being able to take care of the business to a much greater extent than occurred in 1907.

"It should be kept in mind all the time that if the railroads are not adding to their facilities they are going backward. It is a matter of common knowledge to-day that the railroads are not buying freight cars, they are not buying locomotives, they are not providing additional facilities, and that constantly locomotives and freight cars are wearing out."

Testifying before the Inter-State Commerce Commission as an expert concerning financial conditions as affected by the European war, and particularly as related to American railroad securities, Mr. Conant said in part:

"(1) The cost of the war, if it lasts approximately a year, will not be materially less than \$15,000,000,000.

"(2) The demand for capital for purely war purposes, and for the settlements which succeed the war, will be so great as to absorb an amount equal to the entire savings for investment made in all civilized countries for a period of several years.

"(3) The effect of this abnormal demand for capital, which is being consumed without economic profit, will be to raise the rate of interest on investment securities higher than it has been for many years.

"(4) The fact that such enormous sums to pay the costs of the war are sought almost exclusively by means of government loans will make it impossible to obtain capital for other purposes, except at a rate of interest considerably higher than that paid by governments.

"(5) The financial disturbances which will occur during the process of distribution of these government loans to investors, extending over several years, will involve the sale on the American market of railway and industrial securities now outstanding to an amount which will in itself absorb so much of the new capital available in the United States that it will be extremely difficult to obtain any for new enterprises.

"(6) If, therefore, American railways and industrial enterprises are to obtain any new capital whatever during the next few years, it will be necessary to make issues of securities very attractive, not only in respect to the rate of interest but in respect to the evidence that the interest and dividend payments are absolutely secured by adequate earnings."

"It has been recently calculated by Sir George Paish, the economic adviser of the British Government, that the total amount of foreign capital invested in the United States is \$6,000,000,000. He also estimates that foreign capital, chiefly British, is invested in Canada to the amount of about \$3,500,000,000, and in other American countries, including all Latin America, to about \$10,000,000,000.

"It is these enormous sums in foreign holdings which represent the most serious menace to the American market and to the possibilities of our future financial development. This money has been advanced to us from time to time over a long period, because there was not a sufficient fund in America to meet the requirements of our development.

"The newer States of the West could never have been equipped with railways, banks, grain elevators, barns and homes, if foreign capital had not been poured into them in hundreds of millions after our Civil War. What will be involved, in effect, if European investors undertake to market a large part of their holdings of American securities in New York, will be the conversion of this gigantic lime loan, payable only over long terms of years, into a call loan, payable as rapidly as the securities can be sold on the New York Stock Exchange. It would hardly be within the range of the capacity of the banking system of the country to absorb the entire amount of \$6,000,000,000, estimated by Sir George Paish to represent foreign investments in the United States.

"The amount in such securities which is returned to the American market will influence directly the amount of investment capital remaining in the United States available for other purposes. It is at this point that the problem comes directly home to American railway managers and their bankers.

"If the country is subjected to a severe strain in order to take back from European holders an amount of securities representing the fund usually available for investment for one year or for several years, there will be practically no surplus left for investment in new railway issues.

"Here again a question of vital importance will be how far the issues can be made attractive, not only in the rate of interest paid, but in the surplus of earnings above the operating expenses and existing fixed charges of the issuing company, which will give a complete guaranty of security to the new investments."

Mr. Conant was subjected to vigorous cross-examination. Counsel for the Commission asked if the advance in interest rates he predicted would not bear as hard on shippers seeking new capital as on the railroads. The witness said American securities other than railroads already paid higher rates of interest, but admitted, after much discussion, that the shippers would face the same conditions.

When Mr. Strauss took the stand his counsel asserted that the bankers had asked to be heard and appeared entirely

independent of the carriers. He later had prepared a lengthy review of financial conditions, but Commissioner Clements, in the interest of time, had it filed with the Commission, the witness confining himself to a general discussion. Mr. Strauss declared the purpose of his testimony was to lay before the Commission the effect of the war on railroad securities, which he said were the standard of American securities abroad. The decline of these railroad securities held abroad, he argued, would mean the decline of all American securities and a consequent tremendous movement of gold to Europe from the United States. The foreign investor, he said, must be assured that his investments would continue to yield him good returns, that the values of those securities would be maintained. In his citation Mr. Strauss further said:

"It may seem to the Commission that an increase of 5% in rates to be charged by the roads in Official Classification Territory cannot be the sole factor in determining whether this country is to proceed with the orderly re-establishment of its damaged credit and business structure, or whether everything is to go to ruin. This is unquestionably so; but it is also true that the other remedial measures which may be necessary, are not within the power of the Inter-State Commerce Commission to grant or withhold. Further remedial measures will in my judgment have to be undertaken, some by the banking interests of the country, some perhaps by the United States Government, and some by the State Governments and Public Service Commissions, but the only remedy that it is within the power of the Inter-State Commerce Commission to provide, is a rate increase to the full extent asked for. Railroad securities have so far fallen into disrepute that even receivers' certificates, until recently regarded as unassailable investments, have in some cases been renewed only by means of forced extensions."

The cross-examination of Mr. Strauss was concluded on Wednesday, the witness reciting facts tending to show that railroad bonds were the standard of American securities abroad, and that they were falling in favor because of increased cost of operation and taxation, which made the margin of net earnings over net operating expenses too small to insure their marketability. Mr. Strauss quoted Sir George Paish, the British financial expert now here to discuss international exchange with American officials, as authority for his statement that English investors found American railroad securities less and less attractive. Commissioner Clements, who presided at Wednesday's hearing, associated with Commissioners Clark and Meyer, asked the banker if he believed the shipper should be compelled to guarantee all railroad securities by paying higher freight rates, although it had been shown many such securities were issued for purposes of negotiation without regard to the welfare of the property.

"If this were merely a question of protecting railroad investors, without relevancy to the shippers, I would not be here," the witness said. "The investor must take his chances."

"Then at any time in the future, no matter for what cause, if the need of money and improvement of credit might be as great as now," said the Commissioner, "it would be another sufficient reason for advancing rates." Mr. Strauss would not assent to that, stating that: "Each emergency must be treated by itself. This present emergency is so vast, the greatest the country has ever known, perhaps the greatest it ever will know, that immediate relief, a part of which this Commission can afford, must be had."

Mr. Strauss was followed by Lawrence Chamberlain, of Kountze Brothers, who produced a chart showing the trend of bond prices and credit over many years. This, he contended, showed that the credit of the nation, as represented by its banks, had closely paralleled the price of railroad bonds up to 1910. At that time, he said, the credit situation had broken away from the railroad securities which were in a decline. He explained this by saying that other securities, such as public service corporation and municipal bonds, had been growing in popularity, largely because of Government aid, either Federal or State, extended to them. He instanced the acceptance of municipal bonds as security for postal savings bank receipts, and exemption of such securities from taxation in many States, as showing this discrimination against railroad securities. The result of these factors, Mr. Chamberlain maintained, had been a steady decline in the market price of railroad bonds. He asserted that it had culminated in the inability of investment bankers to find any market for such securities and that the country faced the prospect of having a flood of railroad securities held abroad poured on the market. Counsel for various shippers' organizations and special counsel for the Commission took sharp issue with the witness on the question of the relative attractiveness to foreign investors of railway bonds and the securities of public service corporations and industrial concerns. Louis Brandeis and Clifford Thorne are said to have drawn from Mr. Chamberlain admissions that at present the yield of

industrial securities is 1% higher than that of railway bonds and of public service securities half of 1% higher. The yield, it was explained, indicated the rate corporations were compelled to pay for borrowed money and showed the credit of the railroads still to be better than that of other concerns.

During the course of his examination Mr. Chamberlain, whose testimony was devoted to a detailed discussion of the railway bond market, stated that he knew nothing about freight rates. "This question," he asserted, "ought to be settled, not on the basis of the railroads and shippers, but on the contention of the bankers that the country needs saving. Raising rates is the greatest thing that can be done to relieve the situation psychologically." The position of the witness was instantly challenged by Commissioners Clements and Clark.

"It is the general understanding of the bankers," asked the former, "that this Commission has carte blanche to do anything it wants to do to meet a 'psychological' condition? We had supposed this was a government of law; not of the caprice of a Commission." On behalf of the intervening bankers, Morris Rosenthal, their counsel, declared that "We will take no other position in any brief we file in this case, we make no other contention."

Commissioner Clements added that many such circulars had gone out conveying the impression that the Commission only reduced rates; that one statement of such a circular he had been informed was that all the bankers of the United States were appealing to Congress to compel the granting of increased rates. Mr. Rosenthal disclaimed that any banking house represented before the Commission had sent out such circulars. "We come before you when, in our opinion, the credit condition of the country is paramount," Mr. Chamberlain interjected. He added that the bankers had taken no part in the previous controversy between railroads and shippers over rate advances.

The hearing Thursday turned from questions of conditions arising out of the European war to consideration of rates themselves. W. C. Maxwell, general traffic manager of the Wabash system and appearing in the interest of the Central Freight Association, presented masses of figures to show that, even with the partial relief granted under the Commission's previous decision, the lines of that territory are in urgent need of greater revenues. Mr. Maxwell supplied estimates on what increased revenues would accrue to the Wabash system by carrying out the suggestions made in the Commission's decision. These would amount, he said, to \$550,000 annually, figured on the basis of traffic in 1913, and allowing that intra-State rates could be increased also. He insisted this was not likely to be the case in Illinois and Indiana, where State Commissions had shown little inclination to co-operate in relieving the carriers. When Mr. Brandeis suggested that nothing short of radical revision of all the rates, such as was recently undertaken in New England, would aid the railroads involved, the witness agreed, declaring that "anything else is just playing with the situation. The condition of bankruptcy," he averred, "is there and is going to stay there."

Cross-examination on Thursday of John E. Oldham, who spoke for the Investment Bankers' Association, developed testimony that the rate of interest on fixed charges of the railroads had dropped during 1913 to 4.44%, from an average of 4.80% for the 10 years preceding and that the average dividend rate for 1913 was 6.48% as against a 10-year average of 5.43%. In examination of figures presented by Mr. Oldham, Mr. Brandeis, drew the conclusion that the amount of capital required by the roads to earn a dollar on a year's operation had decreased during 1913. Mr. Oldham insisted, however, that the falling interest charge did not indicate the roads had borrowed money at a lower rate. The figures are so contrary to current tendencies as to suggest that they must embody some error.

Samuel Rea, President of the Pennsylvania R.R., appeared before the Commission yesterday and in part said:

The railroads have appealed to the Commission to modify the order made last July, because since then certain facts have transpired and certain events have occurred in the light of which the present situation of the railroads should be judged. We consider this situation a sufficient reason for the Commission to grant what the railroads ask.

Among these new factors are: First—Complete figures covering the financial results for the fiscal year 1914 which are now for the first time available in this case; also statements of operation covering the months of July and August of the present fiscal year, and, second—the European war.

In the fiscal year 1914 the decrease in the volume of business of the carriers was only about 3¼% from the highest level in their history, viz., in 1913. Yet at the end of 1914 the owners of these properties find the

return upon their property investment at the lowest figure for fifteen years, lower than in 1900, when the industry was lifting its head after the great depression of the nineties; lower, indeed, than in the two years 1893 or 1899, which the Commission in its recent report excluded from comparison on the ground that those were years of business depression. A record such as this clearly indicates something radically wrong with the underlying conditions of the railroad business.

The operating returns for July and August add to the seriousness of the situation. For those two months the decline in gross earnings averages about 6%, as against a loss of less than 3½% for the entire year 1914. The companies have been compelled, by reason of this, to continue the forced retrenchment in operating expenses.

Over the signature of John S. Bioren of Philadelphia, well-known banker and an authority well qualified to judge actual financial conditions, the Merchants' Union Trust Co., of which he is President, has just issued a circular review of the railroad net earnings situation written "from the standpoint of one who holds railroad obligations." For the purposes of his review, Mr. Bioren refers to the average conditions relative to forty-four active American railroad companies whose shares and bonds are traded in on the New York Stock Exchange, showing a comparison of the year ending June 30 1910 with June 30 1914. Mr. Bioren observes that the selling value of these shares, which on July 24 1910 averaged 87.30%, declined by July 25 1914 (prior to the first indication of the European conflict) to 67.92%, a loss of 22.2%. In the same period the bonds and underlying obligations declined from 88.84% to 75.57%, a reduction of 14.94%, and the interest return on these securities has increased from an average of 4.94% to 6.27%. Mr. Bioren sets out exactly how these factors affect maturing obligations, the ability of the companies to provide for additional terminals, new cars, &c., and outlines the main cause of the predicament in which the railroads find themselves today and mentions the causes of the increased cost of operations. Regarding the management of American railways Mr. Bioren quotes an English railway authority who recently stated that our railway managers constituted "a body of experts, who have already, in the opinion of the experts of every other country, among a population the most extravagant in the world, built and operated a railway system undoubtedly the most economical in the world." In his summing up Mr. Bioren says:

The stockholders of this (trust) company and by far the greater portion of the people of the United States suffer directly or indirectly from existing railroad conditions. The action of the Federal Administration, supported by the financial interests of the country, has already removed most of the commercial evils which have come to us with the European war. When public sentiment shall be educated to realize what the present railroad situation means to the nation, the petitions for relief will be backed up by public demand. This review is made for the purpose of showing the absolute need of immediate action. It is published in the interest of the bondholder irrespective of any equities due to the shareholder.

The question of an increase in freight and passenger rates in Missouri was brought before Gov. Major of that State by the Missouri railway managers on the 19th inst. The railroads of Missouri now have pending before the Public Service Commission an application to increase passenger rates from 2 to 3 cents a mile, freight rates on many commodities back to the old rates fixed by the Railroad and Warehouse Commission before it went out of existence, and excess baggage rates from 12½ to 16-23 per cent of full fare.

The Commission will hear the roads on the rate increase application December 1. The roads requested that much time to prepare their evidence and exhibits. In the delegation appearing before the Governor were President Bush, E. J. White, general solicitor, and J. M. Johnson, vice-President of the Missouri Pacific; Receiver Pryor of the Wabash; J. T. Nixon and former Judge Lusk, receivers for the St. Louis & San Francisco; Ed. Chambers, Vice-President of the Atchison Topeka & Santa Fe; O. G. Burnham Vice-President of the Chicago Burlington & Quincy, and T. C. Schaff, President of the Missouri Kansas and Texas.

President Bush said in part:

The transportation lines are not only deprived of the means to meet urgent current needs, but they are confronted with the momentous task of taking care of outstanding obligations which mature in the near future. A careful computation of these obligations shows there are upwards of \$578,000,000 in default at the present time and \$563,000,000 which fall due between now and the end of next year, \$34,000,000 of which will mature this year.

The grave problem is before us as to how the railroads, with depleted revenues, can meet their obligations or secure the urgently needed additional capital to improve their plants and equipment, whereon depends the prosperity of all the industries and the opportunity for the employment of our people.

Investors and bankers here and abroad are fully aware of the onerous conditions which beset the railroads, and relief from those sources cannot be expected until a marked change is effected in the revenue results shown. The great Deutsche Bank of Berlin, with a paid-up capital and surplus of \$74,000,000, recently observed in its annual report that "the American railroads need higher freight rates; that their present rates are the lowest

in the world, representing but a fraction of the English railway rates, and this in face of the fact that wages in the United States, on the average, are fully twice as high as in Europe."

As you are aware, the Legislature of Missouri in 1907 enacted a law fixing the maximum passenger rates at 2 cents per mile and greatly reduced the freight rates on several specified commodities.

This law was contested by the railroads, and a decision in their favor was given by the trial court. Upon appeal by the State to the Supreme Court, this decision, without prejudice to the railroads, was reversed, on the ground that the valuation of the properties had not been properly established. The railroads could, on the day following the decision, have filed new suits, and by establishing the valuation of their properties would have been entitled to charge the previously established higher rates.

Instead of doing this, the representatives of the railroads met with the Commission, and agreed to put in force the statutory rates and test their effect upon the revenues. After a year's test, greatly diminished revenues are shown to be the result, and it is a foregone conclusion that the railroads cannot operate under such lower rates, maintain their properties in an efficient condition and meet their interest obligations. A continuation of this will certainly destroy any remaining credit they may have.

At a hearing of representatives of railroads and shippers before the State Railroad Commission at Lansing, Mich., on the 19th inst., it was decided to grant the railroads an advance of 5% in class freight rates. Neither the shippers nor the roads, it is stated, are satisfied with the decision, the railroads having desired a greater increase and the shippers none at all. The Commission desired to be fair to both, hence the compromise.

Practically every railroad hauling tonnage in the State of Illinois has joined in a public notification of a 5% increase in the freight rates within the boundaries of that State. The new tariffs, unless set aside by the Public Utilities Commission, will become effective Nov. 16. The new rate will be fought by the shippers and approved by the bankers and shareholders. James B. Forgan, President of the First National Bank, in a statement reflecting the attitude of several bankers, says: "The public must understand that the railroads have to be assisted if we are to avoid serious troubles. There has been a general inclination to help everybody except the railroads. The latter must be included."

Dismissing the complaint of the Commercial Club of Sioux Falls, So. Dak., against the Pullman Company, the Interstate Commerce Commission on the 20th inst. held to be reasonable the sleeping-car rates between St. Paul and Minneapolis, Minn., and Sioux Falls of \$2 for lower and \$1 60 for upper berths. Mileage covered, asserted the Commission, is no proper measure of the value of this service. Commissioner Daniels, writing the decision for the Commission, pointed out:

The value to the passenger of sleeping car occupancy cannot be gauged by exactly the same standards as passenger transportation by day. To the latter mileage, in the absence of unusual conditions, may be applied as a fair rule of the value of the service. The bare service of transportation to the occupant of a sleeping car, however, has been covered in the first instance by the passenger fare paid. The value of the occupancy of a sleeping car over and above the value of being carried a certain distance is found primarily in obtaining a night's rest under as comfortable conditions as compatible with railroad travel, essentially a night's lodgings; and secondly, in the keeping intact for the transaction of business the daylight hours which otherwise would be spent in covering distance.

TRYING TO CLEAR UP THE FOREIGN EXCHANGE SITUATION.

The foreign exchange situation and the international aspects of the cotton problem have been the subject of conferences this week in Washington between Sir George Paish and Basil B. Blackett, representing the English Chancellor of the Exchequer; President Wilson, Secretary of the Treasury McAdoo and the Federal Reserve Board. On Thursday an invitation was extended to eleven bankers to participate in yesterday's deliberations. With the announcement of the inclusion of the bankers in the conference, it was stated that no specific plans had yet been considered, the whole situation being slated for discussion yesterday (Friday). The statement given out by Mr. McAdoo said:

The foreign exchange situation and the international aspects of the cotton problem will be considered at a conference at 2:30 o'clock to-morrow (Friday) afternoon of the Secretary of the Treasury, the Federal Reserve Board, Sir George Paish and Basil B. Blackett, representing the British Treasury, and representatives of American bankers who deal in foreign exchange.

The following bankers have been invited to the conference: H. P. Davison, J. S. Alexander, A. H. Wiggin, Jacob H. Schiff, William Woodward, Samuel McRoberts, James Speyer, George Foster Peabody and Benjamin Strong Jr. of New York, James Brown of Philadelphia and D. C. King of Boston.

No specific plans have yet been considered and the whole situation will be discussed at this conference. Sir George Paish and Mr. Blackett already have given assurance of the earnest desire of the British Government to lend all possible assistance for the restoration of normal conditions in the foreign exchange market and the alleviation of the cotton situation.

An earlier statement was issued with the opening of the conferences on the 19th by Mr. McAdoo as follows:

The British Ambassador called this afternoon and presented Sir George Paish and Basil B. Blackett, the representatives of the British Treasury, who have come to America upon my invitation to discuss the foreign exchange situation and the international aspects of the cotton problem. The Ambassador also introduced these gentlemen to the Federal Reserve Board.

An informal discussion ensued. Sir George Paish and Mr. Blackett gave assurances of the earnest desire of the British Government to lend all of the assistance in its power toward the restoration of normal conditions in the foreign exchange market and the opening up of the cotton market, which, of course, is intimately related to the foreign exchange situation. No specific plans have yet been considered. Further conferences will be held to which representatives of the leading banking houses in New York will be invited.

The visiting delegates to the conferences are chiefly interested in the question how to settle the balances assumed to be due Great Britain by the United States. Great Britain sees in the existence of such indebtedness an opportunity for working further drafts upon our stock of gold. On the 21st inst. Sir George was quoted as saying:

"At the present time England of course feels that she wants money that is owed her. We have coming from the United States probably more than \$200,000,000. The ordinary method of payment is by gold, but in the course of business the balance is usually taken care of by purchases of American securities or by payment for your crops. In view of the present situation in your country the payment of this large amount of gold at this time might prove inconvenient and England was glad to respond to a proposal that the case be talked about and an effort made to find some way of meeting the difficulty.

"I feel sure that some way will be discovered here by your Federal Reserve Board and the Secretary of the Treasury, and there is no doubt that eventually the balance of trade will again be in your favor. In the months to come England will be buying American wheat and cotton. It probably will not cancel the sum owed in a few months, but it is bound to come in time. In the meantime arrangements may be made so that you will not be embarrassed, and yet England will be assured that her money will be forthcoming when wanted."

Sir George declared that he did not believe American cotton growers need fear that English manufacturers will buy Egyptian cotton in preference to American cotton. He added:

"The Egyptian cotton is not used for the same grade of manufactured goods. At present the English mills probably have a sufficient supply on hand for a few months. They are naturally not anxious to buy, however, unless they are sure that cotton has reached the bottom price. The margin of profit in cotton is too small to warrant such risks. If you succeed in taking care of the surplus crop I have no doubt that you will see the English mills in the market again quickly. I suppose the cotton exchanges in New York and New Orleans will open again shortly if the plan of the Federal Reserve Board for a \$150,000,000 loan fund goes through. Then I think the Liverpool Exchange will follow. With cotton selling again there is bound to be an improvement in conditions and some of the balance against you will be wiped out of existence."

It is reported that Sir George has tentatively assented to a proposal embodying part payment in gold, part in the facilitation of exports from the United States to England, the balance being represented in short-term notes.

FEDERAL RESERVE MATTERS.

At the opening of the conference of the directors of the Federal Reserve banks and the Federal Reserve Board in Washington on the 20th inst., the hope was expressed by Secretary of the Treasury McAdoo that the banks would be ready to begin operations on November 16. On the following day, when the matter was put to a vote of the directors 35 were recorded in favor of starting the banks on the date suggested by the Secretary while 37 voted in favor of making November 30 the time for the opening of the new banks. The action of the directors has no binding effect on the Board or the Secretary, as the Federal Reserve Act gives the Secretary of the Treasury authority to determine the date of opening. On the first day of the conference we learn from the "Journal of Commerce", the convention was divided into eight committees, to study various technical details incident to organizing the banks, these committees being as follows:

(a) A committee on legal matters and procedure, First, by-laws; acting with Mr. Hamlin. Second, other legal points and preparation of legal forms; acting with Mr. Elliott.

(b) A committee on office quarters, equipment and personnel; acting with Messrs. Delano and Dawson. Topics to be taken up by this committee: Office quarters, vault space, organization of staff and matters affecting officers and directors, including compensation of directors and members of advisory council.

(c) A committee on re-discount, including definition of commercial paper and consideration of credit bureaus; acting with Messrs. Warburg, Harding and Broderick.

(d) A committee on duties of Federal reserve agents, including under this heading the auditing of reserve banks, note issues, the clearing of national currency acting with Messrs. Williams, Miller and Fisher.

(e) A committee on accounting and statistics; under this topic the committee will consider books and forms, statements to be forwarded to the Federal Reserve Board, &c., acting with Messrs. Willis, Benton, Robinson and Ward.

(f) A committee on domestic exchange (transit and clearing), acting with Messrs. Harding, Ward and Wolfe.

(g) Committee on bonding of Federal reserve agents; members of their staff or other officers of the reserve banks, acting with Messrs. Williams and Allen.

(h) A committee on mechanical devices, acting with Messrs. Delano and Ward, in connection with the keeping of accounts and statistics.

In addressing the opening session of the conference, Secretary McAdoo said:

It was the hope of the Board that the system would be put in operation at the earliest possible date, and the opinion had been expressed that by Monday, November 16, the reserve banks could open (by which time the Federal reserve notes were promised for delivery) not to perform all their functions but to undertake at least some of them. No elaborate system was expected at the moment of opening, but it would be necessary to prepare to receive reserve deposits from the banks and to have re-discount machinery ready for such part of the reserve as would be paid in by the banks. (In this connection the Secretary of the Treasury was ready to co-operate as far as possible by offering the facilities of the various sub-treasuries or mints.)

In view of the great public demand for early opening, it had been thought desirable that committees with representation from each bank should consider the various problems, and if possible reach conclusions which they would submit to this conference at a subsequent session; and that after the approval by the conference on the reports, uniform action might be suggested by the Board to the several banks.

It might be thought advisable for the Federal reserve agents to meet independently or with members of the Board to discuss their duties and the best way of fulfilling them; and in a similar manner the governors or members of the advisory council might wish to hold meetings to discuss their own problems either with or without the presence of members of the Board.

President Wilson received the directors at the White House on Wednesday, when he spoke to them as follows:

"I believe, gentlemen, that we shall look back upon the beginning of this system with genuine satisfaction and that it will give the country more and more satisfaction as it is developed in operation.

"For my own part, I believe that the best thing that can be done for the country is to open the banks at the earliest possible date; otherwise we should seem to doubt their efficacy; otherwise we should seem to discredit in part the very thing that we are undertaking.

"For my feeling about the present situation is this: The only thing lacking is confidence. The circumstances of the world are extraordinary, but we ought not to allow our mental attitude to be extraordinary. We are more nervous than there is cause for, and if we go about business as if nothing were happening, business will take care of us as we take care of it. That is my conviction.

"I will not again use the word 'psychology', but there is a psychological element, there is a state of mind involved in this thing which it would be very useful if we were to correct, and the way to correct it with others is to correct it in ourselves—to feel that there is nothing to wait for in putting business upon the footing upon which it is to remain, I hope, for a great many years to come.

"But when I started out I did not expect to say these things; I merely expected to tell you how sincerely gratified I am to have the opportunity of meeting you and of telling you how I congratulate the country upon being in the hands, in the matter of banking, of such a body of men."

In the order for the engraving of \$250,000,000 of Federal Reserve Notes given by the Comptroller of the Currency to the Bureau of Printing and Engraving on the 16th inst., the following description is given of the new notes, which will be in denominations of \$5, \$10, \$20, \$50 and \$100:

"The \$5 bill contains on the left-hand side of the back an engraving of the landing of Columbus and on the opposite side of the back the landing of the Pilgrim Fathers on Plymouth Rock.

"The back of the \$10 bill represents a typical manufacturing and agricultural scene, the picture on the left hand side showing a harvesting scene and a modern harvester, while on the right there is a picture of a modern factory in operation.

"The engraving on the back of the \$20 bill represents transportation on land and water and in the air, the picture on the left being a modern railroad train, an automobile and an aeroplane, and that on the right an ocean liner in New York Harbor, with the New York skyline and the Statue of Liberty in the background.

"The engraving on the back of the \$50 bill is symbolical of the Panama Canal, the centrepiece being a picture of a woman. On one side a trans-Atlantic steamer is shown, and on the other side a battleship, the idea being to represent America presiding over the Panama Canal, the oceans representing the Atlantic and the Pacific.

"An allegorical picture covers the entire back of the \$100 bill. There is a central group representing America, with Peace and Plenty on either side. A figure on the left hand end of the note represents Labor bearing the harvest and the figure on the other end represents Mercury distributing the harvest."

Daniel G. Wing, president of the First National Bank of Boston has been elected as the New England member of the Advisory Council of Federal Reserve Banks.

The Federal Trust Company of Boston has made application to join the Federal Reserve System; it is said to be the first state institution in Massachusetts to take such action.

THE GOLD FUND.

In accordance with the announcement of several weeks ago, advices to the effect that contributions to the gold fund cannot be counted as the legal reserves of the participating banks were sent to the institutions concerned on the 17th inst. by the Comptroller of the Currency. His letter says:

"Contributions which national banks may make to the \$100,000,000 gold fund, raised for the purpose of helping to restore normal conditions in the foreign exchange market (in accordance with the circular letter of the special committee appointed to consider this subject, and addressed, under date of Sept. 19 1914, to the Secretary of the Treasury and the Federal Reserve Board), should be carried by national banks in their list of assets under the head of 'Investment in \$100,000,000 Gold Fund.'

"The plans provide that contributors shall not be called upon to pay any portion of an installment which will make their investment in the fund at any time exceed 25% of their original subscription.

"The amount of money thus advanced by any bank to this fund, less the amount which may have been returned to the contributing bank in 'New York funds,' cannot be counted as part of the legal reserve of the contributing banks."

The special committee of the San Francisco Clearing-House Association announces that that city will subscribe \$3,250,000 to the \$100,000,000 gold fund.

THE CONDITION OF THE STEEL TRADE.

Charles M. Schwab, President of the Bethlehem Steel Corporation, before sailing for Europe this week, submitted to an interview on the condition of the steel trade, from which we quote the following as reported in the *Evening Post* of this city.

The iron and steel industry is in the worst condition that I have ever known it to be. I make no exception for any previous year. The present output is below one-half the normal capacity of our factories and sales; even less in fact. Some of our works are putting out less than one-third of their capacity—for example, the plants where railroad cars and other supplies are manufactured. Some factories, but this does not apply to the Bethlehem Steel Corporation, are doing less than one-tenth of their normal business. Yet the number of employees in the Bethlehem works is the lowest in nine years. I look, however, for this condition to improve materially. I believe that there will be a big increase in the export business next year.

There is no question that this increase would be immediate if we only had the shipping facilities, but it takes time to build up a merchant marine. I have always believed that we ought to have had a merchant marine. In fact, the trouble with the business organization in the United States has always been, in my opinion, that we have lacked the shipping and banking facilities necessary to encourage foreign trade. We are a great manufacturing country, and we ought to supply the greater part of the world with its products, but we never shall do that until we have a business organization which will provide us with easy credit in all parts of the world, as well as a merchant marine. The Panama Canal will encourage the building of a merchant fleet.

TEXAS GOVERNOR'S PROPOSITION TO CREATE THE BANK OF TEXAS FINALLY KILLED.

A bill proposing the creation of the Bank of Texas, which was the subject of a special message addressed to the Legislature by Governor Colquitt on September 16, failed of enactment at the session and as a result the Governor re-convened the Legislature in another session on September 23 for the purpose of putting the bill through; the bill suffered a second defeat at this session, the House on the 8th having refused by a vote of 81 to 35 to pass it to engrossment. This action kills the bill, since the constitution provides that "after a bill has been considered and defeated by either House of the Legislature, no bill containing the same substance shall be passed into a law during the same session." The bill will be given no further consideration, Gov. Colquitt having stated that its overwhelming defeat in the House precludes its submission again. In his second message recommending the legislation (submitted to the Legislature on Sept. 29) the Governor said:

The armies of warring nations are laying waste the countries of Europe and exhausting their resources. The inefficiency of our banking and currency system and the policy of the banks which control the money supply is laying waste the values of the products of our fields and farms. We are confronted with a condition, and shall we not strive to meet and solve it? With millions of produce and matured values at our very door, the country literally flowing with milk and honey, we hear of the producers of those values living on cornbread, potatoes and milk, while laboring in the fields gathering their abundant harvests, the values of which are wasting away in the face of the hoarded millions by the very agencies which the Government has created and which control the circulation of the medium of exchange—the people's money.

The war in Europe may be the cause for the lack of markets, but the controllers of our money system have done nothing and are doing nothing to overcome this cause by lending money or extending credit to increase the value of cotton. On the contrary, they are like an army attacking and destroying it by withholding faith and credit.

The plan for creating the Bank of Texas is to utilize the seventeen million eight hundred thousand dollars of gold bonds now in the State treasury and owned by the State School Fund as the basis for the State or the school funds subscription to the capital stock of the bank, the bank giving therefor bond certificates representing their value, these bond certificates being guaranteed by the bank itself and also by the State. The bond certificates are to draw 5% interest and this interest is to be paid to the State available school fund, the bond certificates remaining a part of the permanent school fund.

The banks chartered under the laws of this State are required to become subscribers to the capital stock of the Bank of Texas to the extent of 5% of their capital. The whole capital of the bank is made liable for the bond certificates in addition to the State constitutional guaranty. The bonds which it is proposed to use as the State's subscription to the capital of the bank now earn the available school fund about 4½%, so the State Treasurer advises me.

The State banks are required to keep one-half of their reserve balances in the Bank of Texas. The average deposits of the State banks at examination periods for the year ending June 30 1914, was \$75,000,000, in round figures, one-fourth of which, or \$18,750,000, they are required to keep as a reserve. One-half of this sum, or \$9,375,000, under the proposed law creating the Bank of Texas, would have to be deposited with the Bank of Texas. The capital stock of the State banks is above \$34,000,000, and their capital, surplus and undivided profits are above \$45,000,000. Five per cent of the stock would give them \$1,700,000 interest in the Bank of Texas. The proposed law requires the bank guaranty fund shall be kept and deposited with the Bank of Texas. This fund amounts to \$1,800,000. The accounts of escheated estates, blind, deaf and dumb and insane asylum funds and other unused funds in the State Treasury, amounting to about \$600,000, are required to be deposited with the Bank of Texas, as is also the current collections and accounts of the Secretary of State and Comptroller and other departments. These amount to an average of \$100,000 to \$500,000 a month. The State available school fund, after it is apportioned to the counties by the State Board of Education, is also to be carried in the Bank of Texas, subject to check as the counties and cities need same to pay teachers. This applies only to the State fund and for the present fiscal year will amount to a total of \$8,000,000. There would probably be an average monthly balance of \$1,000,000. The special

pension fund would likewise be carried in the Bank of Texas, subject to the payment of pension warrants of the Treasury. Under existing law this will average from \$250,000 to \$1,000,000. A summary of these funds show the following total cash assets of the bank which is due to collecting scattered resources of the State and of the State banks together:

Capital stock by State banks (cash)-----	\$1,700,000
State bank reserve (cash)-----	9,350,000
State bank guaranty fund -----	1,800,000
Unused Treasury accounts (cash balances)-----	600,000
State school fund balances (cash)-----	750,000
Accounts of State departments in course of adjustment (cash average)-----	250,000

Total available cash----- \$14,450,000

This amount of cash would be available by the concentration of part of the cash reserves of the State banks and of various accounts of the State, which are now earning practically nothing, all of which would go to strengthen the investment of the school fund's investment in the bank. Can there be any danger to the school fund thus?

This large sum of money could be utilized to move the crops or meet any other financial requirements of the State banks, or national banks either, by advancing to them sums required in trade, but such loans to banks would always be protected by the deposit of their best collaterals.

The Texas Senate, by a vote of 20 to 2, went on record on September 30 as opposed to a moratorium, which has been urged by farmers of the State.

GERMANY'S ECONOMIC POSITION.

On Oct. 2 the German Vice-Chancellor, Clemens Delbrueck, gave out an interview at Berlin, in which he discussed Germany's position economically and financially, and declared that the country could not be starved out and would be able to carry the war to a successful conclusion. The interview was reported in a cablegram which came via The Hague and London, and we print it herewith:

The unemployment was steadily decreasing, with from 5,000,000 to 6,000,000 men in the field, he said. Many industries were working overtime on war orders, he said, and measures had been taken to divert labor from idle branches to busy departments, until the unemployed now numbered only 6 to 7% of the workmen in the country.

Measures also have been taken to put the finances and the credit of trade and industry on a war footing, and these have been so thoroughly successful that a general moratorium undoubtedly will be warded off during the entire war, said Herr Delbrueck. This, he thought, would place Germany in a far better position after the war than those countries whose industrial life was affected by a moratorium.

In opening the interview Vice-Chancellor Delbrueck, who also holds the office of Imperial Minister of the Interior, referred to the unanimous demonstration by representatives of labor, agriculture, commerce, industry and trade on Sept. 28 of the determination of the German people to see the war through to a successful conclusion; and he said this was no bluff, but was justified by the spirit and preparation of the country. The currency crisis which immediately preceded hostilities was quickly and completely overcome, he said, and now there was an abundance of circulation media.

Herr Delbrueck then described the loan institutions where funds might be obtained on negotiable securities such as special war bonds have been lending to mortgage holders, small tradesmen and artisans, until now no class was without an opportunity of adequate credit. Accordingly, he said, there was no necessity for a general moratorium.

One serious consequence of the mobilization was the lack of employment despite the fact that the call to the colors took from 5,000,000 to 6,000,000 able-bodied men from the industrial field into the army. The idleness was due to the fact that curtailing of industries caused local unemployment. The provincial employment agencies then were merged in an imperial employment bureau with the immediate result that the question of employment was solved by putting the man and the job together. The dead centre passed every day produces an improvement because the representatives of the employers and the employees are working in patriotic co-operation in this bureau without regard to partisanship or creed.

Labor and capital and Conservative, Socialist and liberal trade unions have worked hand in hand in the interests of the Fatherland with the imperial labor bureau. As an efficient intermediary, the bureau has obtained harvest workers who are gathering Germany's promising harvest. This is an instance showing how the job and the man have been brought together. The same is true in the mining and shipbuilding industries. In the case of the textile industries the hours of labor have been shortened, the trade unions working most efficiently in this equalization. They have selected only men adapted for this kind of work assigned by the imperial labor bureau. Thus of the 16,000 men sent to East Prussia at the opening of the war to labor on fortifications, not a single man proved unfit.

Behind battling armies we must have only contented people. Communities must take steps to have the population employed despite the war, not allowing suffering and distress, and providing employment on various public works such as railroad and canal building, and the draining of swamps. The latter improvement has been undertaken by the States in which there are now moors, resulting in the conversion of waste land, which means that the year 1915 will see there flourishing fields.

The employment since the outbreak of the war has been steadily decreasing. At present all industries supplying the army are working to their utmost capacity. Our production of anthracite coal is generally meeting the demands of Germany, Austria and several neutral countries. Other industries which are natural world monopolies, such as dyestuffs and potash, are necessary to neutral countries which, I suppose, will buy them during the war.

There is a certain difficulty regarding raw materials. One of the first steps taken when the war began was to form an organization to institute a careful stock-taking, and take over certain necessary materials, the same to be later served out to the industries in need of them. We found the supplies greater than had been expected and certain articles have been obtained in considerable quantities in countries occupied by our armies.

I do not doubt that neutral countries in their own interest will endeavor to create markets for their goods, particularly the United States for her cotton. Our population can be starved out as little as can our industries. Germany produces almost the whole of her own consumption of breadstuffs and meats. Certain deficiencies in fodder supplies we are prepared to counteract by a rational use of our large crop, particularly potatoes.

Herr Delbrueck described the method of converting potatoes into meal that can be used in making bread or fodder. Germany, he continued, was

now abundantly supplied with food that would last until the next harvest. The sugar supply was so ample that next year the fields would be planted with crops in which there was a deficiency, he said.

Herr Delbrueck asserted that the general situation was largely due to Germany's centralized organization, economic as well as political. Wherever it was necessary to take steps in any branch of industry, trade or commerce, he needed only the little group of interested ones with whom to discuss the matter, knowing that their decision would be binding upon the entire industry, he said.

"In short," he said, "we watch affairs confidently and placidly. I have been a Minister nine years and have a perfect knowledge of the economic and moral powers of my country. I am persuaded that we are in a position to conduct this war, which has been forced upon us, to a successful conclusion also in an economic sense."

The London "Times" on Oct. 3 stated that at a meeting of the Imperial Bank of Germany the previous Tuesday, President Havenstein reviewed the situation of the money market. He admitted the extent of the panic on the eve of the war and after its outbreak. In the last week of July the amount of withdrawals from the bank were £52,500,000 more than the same period of the previous year. During August the bank issued about £15,000,000 in silver and increased the circulation of notes of small amount by about £40,000,000 and of notes of large amount by more than £25,000,000, while about £6,000,000 of "war loan bank notes" were put in circulation. It appeared, however, that fears about credit were excessive and when the panic passed there was a very satisfactory reflux of money into the bank.

Herr Havenstein spoke of the brilliant success of the war loan, and is represented as having made a further statement that the decline of German exports during August was "absolutely and relatively smaller than the decline in exports of England." On the same page of the New York "Times," however, on which the foregoing appeared (Sunday, Oct. 4) there was printed the following cablegram dated Sept. 29 regarding Germany's foreign trade. This is quite different from Herr Havenstein's account, it will be seen.

German imports shrunk 44% for August, while English imports show only a decrease of 21%. This is attributed to the fact that while the German merchants are willing to take unusual risks of capture, other countries, especially America, from which the major part of the German imports come, are unwilling to do so. England's imports showed a decrease of \$51,000,000 during August. Germany's fell off \$91,000,000, but while England's imports are regaining strength through her supremacy of the seas, the Germans are losing steadily, and this is also true of their exports.

Advices to Amsterdam on the 15th inst. stated:

The "Telegraph" to-day publishes the following dispatch from Berlin: "The Prussian Government will ask the Diet for a war credit of more than \$2,500,000,000. Government work on the railways and highways will be proposed in order to cope with the unemployment situation and to give relief to small communities. At a joint sitting of the party leaders it was decided unanimously to support the Government's program. The sitting of the Diet will partake of the character of a war session and will last only a few days."

It was announced on the 15th that more than 2,000,000,000 marks (\$500,000,000) have already been paid in on the German war loan. This is said to be 1,000,000,000 marks more than at present required.

DEVELOPING FOREIGN TRADE.

In the report of the Latin-American Trade Committee, made public on the 19th inst., the opinion is expressed that the industries of the United States will be seriously injured by the loss of Latin-American trade if the restriction of commercial credits is not remedied. In its conclusions the hope is expressed by the committee that the banks will extend accommodations sufficient at least to assure the maintenance of existing trade. The committee, which was appointed by Secretary of Commerce, W. C. Redfield, has as its head James A. Farrell, Chairman of the National Foreign Trade Council, and in addition to the latter consists of:

John Barrett, Director-General of the Pan-American Union, Washington, D. C.
William Bayne, President of the New York Coffee Exchange, New York.
W. B. Campbell, President Perkins-Campbell Co., Cincinnati, O.
Robert Dollar, President Robert Dollar Co., San Francisco, Cal.
William A. Gaston, President National Shawmut Bank, Boston, Mass.
J. P. Grace, President W. R. Grace & Co., New York.
Fairfax Harrison, President Southern Ry. Co., Washington, D. C.
Alba B. Johnson, President Baldwin Locomotive Works, Philadelphia.
C. J. Owens, Managing Director Southern Commercial Congress, Washington, D. C.
Lewis W. Parker, President Parker Cotton Mills, Greenville, S. C.
William E. Peck, President William E. Peck & Co., New York.
William Schall of Muller, Schall & Co., New York.
W. D. Simmons, President Simmons Hardware Co., St. Louis, Mo.
Willard Straight, with J. P. Morgan & Co., New York.
E. P. Thomas, President United States Steel Products Co., New York.
J. H. Waddell of Hard & Rand, New York.
Daniel Warren of American Trading Co., New York.
Harry A. Wheeler, Vice-President Union Trust Co., Chicago.

In part the report of the committee says:

Since Aug. 1 of this year the countries in South America whose currency is not already on a gold basis have experienced a serious depreciation of their paper money. The export of copper, tin, nitrates, coffee and other

products has been curtailed because of loss of the normal European markets. As indicative of financial conditions, bank holidays and moratoria were declared at the outbreak of hostilities which were extended in certain countries from sixty to ninety days. The effect has been damaging to American exporters, as, under such circumstances, drafts due in August will not be liquidated until November or December. This means a large accumulation of draft indebtedness never contemplated by the shipper. Specie payments were suspended.

Collections throughout South America, therefore, are difficult, orders are falling off, and after our exporters have completed their contracts for this year, there seems less prospect for new business, unless steps are taken to relieve the situation.

The United States is confronted with the necessity of holding its normal export trade with Latin-America and by the possibility of increasing that trade by filling Latin-American needs for merchandise hitherto purchased in Europe, which Europe cannot now supply.

The solution of these problems depends upon production, transportation (shipping and insurance) and upon financing of production, of transportation and of settlements.

Production in the United States can be maintained if there be a sufficient market at home and abroad for American goods. Production in South America may continue, but cannot be further developed unless financial assistance be obtained.

At the present time steamships are available and sailing regularly from this country to the principal ports of Latin-America and from those ports to the United States. Many of these vessels are unable to obtain full cargoes. Although only a limited number are under the United States flag, the above will clearly indicate to exporters, importers and manufacturers that they need not hold back from entering the field on this account.

Before trade can resume its normal course, the exchange problem must be solved, either by the restoration of old, or by establishment of new, credit facilities.

It has been increasingly the practice of European bankers to stipulate the use of European material in the projects which they financed. Latin-America is now turning to the United States for funds. This country is hardly in a position to undertake considerable investments at the present time, but industries with an already considerable trade at stake may well consider the necessity of protecting that trade by obtaining for their customers some relief from the present stringency. Such investments, if judiciously made, would yield an ultimate fair return, and meanwhile provide a market for American merchandise which cannot now be sold.

The question of creating a market for Latin-American securities in the United States is therefore highly important. The development of our trade with those countries is largely dependent on its satisfactory solution. Unless the restriction of commercial credits be remedied, however, we will not only be unable to extend our trade, but we will lose a considerable portion of what we already have.

While the committee admits that trade with South America must partly depend upon London exchange so long as the republics owe heavily to Europe, it urges that in the mutual interests of all the American republics, new credit machinery be created to escape, partly at least, dependence on London. The committee adds:

The co-operation of American bankers in massing a gold fund to satisfy our obligations abroad by promising to cause London exchange again to approach normal will lessen to the American importer the expense of liquidating in London his South American indebtedness. It will nevertheless give effect to the old alienation of the selling power we should derive from purchases of South American products. Liquidation of our South American indebtedness in London will pay for British exports to Latin-America at a time when American merchandise, intimidated by moratoria, remains congested on our docks. Our available money will serve Great Britain's effort to capture South American markets vacated, perforce, by Germany.

The maintenance of exchange relations depends on a credit machinery and reciprocal balances. This machinery will partially be provided under the Federal Reserve Act, which permits American banks to open branches abroad and permits a re-discount in this country of commercial paper, based on shipments of commodities in foreign trade.

The committee decided as unpracticable the proposed establishment of a "co-operative exchange" or merchants' clearing house for Latin-American trade on account of the difficulty of obtaining co-operation, the necessity and difficulty of standardizing credits, the seasonal variations of shipments of South American produce and the expense of the plan. The following recommendations were offered by the committee:

The extension of credits might be facilitated and some relief afforded, pending the establishment of the Federal Reserve banks, if, in addition to permitting the acceptance of commercial paper by national banks which have signified their intention to enter the reserve associations, action be taken by the Federal Reserve Board to make immediately effective the re-discount provision of the new banking system, thus assuring early establishment of a discount market.

We hope that American banking institutions may be induced to meet the present emergency not by tentative and inadequate measures but by extending accommodation sufficient at least to assure the maintenance of our already established trade.

Your committee feels that merchants and manufacturers now contemplating an entry into the Latin-American field should be careful to avail themselves of the easily accessible information concerning these markets. The cost of maintaining individual representatives would probably be too great for many of them to bear themselves. It is therefore suggested that associations consisting of the smaller firms or corporations engaged in kindred lines of production might be formed, and that either one or more representatives should be sent to South America to look after the interests of such associations, thereby bringing the cost of representation within a reasonable limit.

It has been suggested that American manufacturers should combine to send to South America trade exhibits showing articles they have for sale. Your committee, however, is not inclined to feel that such measures would be productive of any permanent results. It is suggested instead that manufacturers and dealers establish connections with export houses already doing business and maintaining large branch offices in the principal South American cities and join in establishing what might be called an "American store" in certain of the most important cities.

Merchants and manufacturers should not attempt to install their own establishments in Latin-America unless they are prepared to meet initial losses and disappointments before realizing even moderate profits.

Your committee begs to state its belief that the present disorganization of the trade of the United States with Latin-America may best be remedied and placed on a permanently satisfactory basis by—

First—The establishment of a dollar exchange, through the ultimate creation of a discount market and pending the establishment of a discount market by the extension of adequate accommodation by banking institutions, and the establishment of reciprocal balances in the United States and in Latin-America for financing Latin-American trade.

Second—Perfection of our selling machinery by furnishing additional support to commission houses familiar with Latin-American business, by forming associations of merchants and manufacturers to be jointly represented in Latin-America and by obtaining information as to the possibilities of developing retail stores in large Latin-American cities.

The Merchants' Association of New York, in seeking, through its Foreign Trade Committee, to determine the methods which should be adopted in order that the possibilities of our foreign trade may be realized, has addressed a letter to the national banks of this city in which it says:

"The Association feels that this subject should be considered under the dual, and still correlated, heads of—

"First: The trade which we now have; and

"Second: The trade which we hope to acquire.

"It appears axiomatic that if we are to hope for an extension of the business which the present conditions have made possible, then we must so foster and protect our present trade as to show our desire and ability to handle the business that awaits us.

"Our already considerable export trade shows that we have the goods which are acceptable in price and quality to the foreign buyer, and our rapid industrial development is calling for a still greater extension in the foreign fields. However, the present breakdown of credit facilities has caused a paralysis in our foreign trade, and there can be no hope of its resumption, much less of its extension, unless a special effort is made to re-establish credit.

"It is perhaps no exaggeration to say that one of the main causes of the restriction of our export trade has been the lack of credit facilities to the export merchant and manufacturer, and that Europe has extended her trade largely by reason of the ample facilities granted by her banks and bankers. Our lack has been due to the want of knowledge of the needs of the business on the part of our bankers, and of their inability to grant credit in the form most available to the trade. There is now every evidence of an awakened interest in this trade, and this, fortunately, comes coincident with the establishment of our new banking system. The Federal Reserve Act gives to our banks the opportunity of granting credit in the manner that Europe has enjoyed, and the Association feels that so much will depend upon the attitude of the American banker that it will not be amiss to ask your reply to the following questions:

"(1) Do you plan to interest yourself in the foreign trade?

"(2) Is there any likelihood of your establishing branches in foreign countries under the provisions of the new Act?

"(3) Do you plan to seek foreign connections through whose intervention you will permit credits to be opened on you by long sight drafts for the import and export of merchandise?

"(4) Are you inclined to open connections with foreign banks or bankers on whose indorsement you will discount long sight bills drawn on importing houses in this city?

"(5) Are you at present discounting for your customers their drafts against shipments to foreign countries, and, if so, is the operation of your own account or for account of European banks?

"Only by the co-operation of all the banks interested will the Association be able to form an accurate opinion of the whole field. We will appreciate it, therefore, if you will return complete answers to the questions as promptly as possible. Can you suggest any method by which the Merchants' Association can be of service to the community by attempting to bring about a development of the foreign trade?"

The extension of our foreign trade, particularly in South America, was the subject of discussion at a luncheon meeting of the Members' Council of the Merchants' Association of New York, held at the Hotel Astor on the 14th inst. and attended by nearly a thousand merchants. Three addresses on the subject were delivered at the luncheon, the speakers being W. S. Kies, manager of the foreign department of the National City Bank; John F. Fowler, Vice-President of W. R. Grace & Co., and Charles M. Pepper, former Foreign Trade Adviser to the Department of State. Mr. Kies, who has made an exhaustive study of the South American field, and has been directing the work of the proposed establishment of branches by the National City Bank in South America, stated that one of the obstacles in the way of developing trade in South America has been the lack of American banking facilities. In part he said:

The new Federal Reserve Act contains a provision, however, that makes it possible for an American bank to establish branches in foreign countries, and to place behind these branches the prestige and resources of the parent bank. The Act, as you know, provides that banks in this country having over a million dollars capital may establish branches in foreign countries and dependencies of the United States, and gives to the board of directors the right to set aside out of capital and surplus such an amount as is deemed necessary for the provisions of the branch.

As soon as the Act was passed the National City Bank received many requests from its clients, urging it to take steps to open branches in South America. With a view to ascertaining how much real demand there was for such banking facilities, some six thousand letters were sent to exporters and importers throughout the country. The response was remarkable and revealed a widespread interest in the South American markets. In many of the letters from those who have been engaged in the South American trade appeared the complaint that American interests were sorely suffering from the lack of proper banking facilities.

Among the particular complaints were the inability to procure reliable credit information, the excessive cost of exchange and the lack of a discount market for foreign bills. Emphasis was laid on the fact that American business interests needed the sort of personal and confidential representation which could alone be furnished by an American bank. Facilities for investigating trade opportunities and a reliable source for furnishing information in regard to commercial laws, customs duties and local regula-

tions were also urged as being of exceptional importance for the development of trade. * * *

The branch banks will, of course, be prepared to perform the functions of a regular bank in this country, as far as they shall be permitted to do so by the regulations of the Federal Reserve Board. The operations of these branches will, we believe, in time make New York the money market for South America, at least to the extent that American bills shall be paid in dollars on New York, and not in pounds sterling drawn on London.

By developing direct exchange from South American money into American dollars, the purchaser of the exchange will be saved one transfer, which, in time, as the system becomes established, should result in a considerable saving in the transfer of money from one country to another. The establishment of a branch of an American bank means the possibility of direct cable transfers of balances from the parent bank, or from any bank in this country, through the parent bank, to the latter's branches, and vice versa, with no delay and a minimum of expense.

The development of direct exchange must necessarily be a slow process. London has been the money market of the world for ages, and the English pound sterling has been the common denominator for trade values in all commercial transactions for so many years that it will be difficult to persuade the South American to substitute the dollar for the pound in his financial transactions. The South American has for so many years figured and calculated in pounds that it will be hard to get him to think of dollars. Business interests in the United States must help in this movement and wherever possible must insist on payment being made in dollars on New York rather than pounds sterling on London. This ought to be done even to the extent of allowing a price advantage or discount when paid in dollars. Although the immediate benefit of the substitution of the dollar for the pound in the doing of South American business may not be great, yet in the long run the result of introducing to the South American the United States dollar will be of immense value. New York cannot hope to become a financial city of world importance until the dollar becomes known and its value respected in the markets of the world.

The Federal Reserve Act contained a provision which will be an active factor of great value in the movement for extending American markets. The Act permits national banks to discount foreign bills which are the result of actual commercial transactions and also gives to banks the right to accept bills drawn against merchandise. A not inconsiderable factor in the growth of London as a financial centre has been the activity of the large English acceptance houses. London always presenting a ready market for discounting South American bills, it is not strange that the sight draft on London has been the accepted method of settlement of obligations arising out of international trade.

With the right to accept bills drawn against merchandise, there will be created in this city a market for a new and very high class of commercial paper. The bill being accepted will result in a credit becoming at once available to the South American exporter, which can be used for the purchase of American goods. The branches likewise will be able to accept bills for responsible parties in South America, and the market for these bills being created, the exporting manufacturer will be enabled to realize upon his shipment without delay. The building up of a discount market will help to solve the problem of long credits, which has proved such a handicap in the doing of business with South America.

Mr. Fowler pointed out that the present is a particularly opportune time to develop our trade with South America, but he cautioned that we go at it "sensibly, earnestly and not hysterically." He said:

In seeking trade relations, we usually overlook that barter is a good principle, and that hitherto our own tariff might well be considered an "in restraint of foreign trade." Formerly, we tried to exclude everything that we absolutely had not to obtain abroad, but our new tariff bill is something like an invitation to "trade both ways," and a sign that we are prepared to do more bartering.

We shall now buy much more largely of wool from several of the South American countries; in corn we are now taking considerable from the Argentine, and we are all glad to be helped out by mutton chops and beef-steaks from the River Plate countries. And so with other articles, we shall steadily do more of reciprocal buying from the countries to which we wish to sell.

The present, therefore, is a particularly opportune time to develop our trade with South America; but we must go at it sensibly, earnestly and not hysterically. There is much theory in what is preached to us and little of common sense. We must not overlook that Europe has always been the large market for South American products, and, reciprocally, would naturally get the corresponding share of the return trade.

It is European capital that has always stimulated those countries, but if American capital can assist them in their present financial dilemmas our trade will be helped immensely, for it is money that keeps trade alive. And American money would naturally get us business where European capital has formed the habit of demanding a preference for European goods. Can we now help South America financially?

Referring to the effect of the war on the South American countries, Mr. Fowler said:

If we briefly review the countries, as before the war, we find that Brazil was already in a precarious financial situation, but expected relief from a large foreign loan, which will not now come off. Her Amazon district is in a desperate condition from the low price of rubber. As to coffee, its market price has recently declined 30% to 40%, and, moreover, she is temporarily without Europe as a taker of about 40% of her crop.

Both Colombia and Venezuela suffer correspondingly in coffee, for which Hamburg was a very important market.

Argentina was in a critical commercial shape. She depends upon Europe as the main buyer of her great grain crops and also of her big wool clip.

The great staple of Chili is nitrate of soda, of which article she produces about 3,000,000 tons annually. Of this Europe takes about 2,000,000, so Chili has temporarily lost her market for two-thirds of the article, and this fact has quite demoralized that industry. Her copper industry is also afflicted.

Peru is also a big producer of copper and suffers accordingly. She is helped by the big rise in sugar, but, on the other hand, suffers from the fall in cotton.

The principal export from Ecuador is cocoa, which has fallen about 33½% in price and is temporarily without Europe as a buyer.

So each of these countries will now have to face this new problem, each in a different way, and each slowly find its feet again.

Mr. Pepper pointed out that to reach the foreign consumer it is necessary that we have a knowledge of commercial geography, saying:

A knowledge of commercial geography would show why to-day Argentina and Uruguay, with their production of wheat and corn and beef and mutton, and the other foodstuffs which all the world demands, and wool an

hides, are recovering much more rapidly from the financial and industrial crisis that has gripped all the South American countries than are Brazil, with its coffee and rubber and Ecuador, with its cacao. Europe can get along without large quantities of coffee, and can forego chocolate, but it must have bread and meat.

We have got past the point of looking on South America, or any other foreign market, as merely a dumping ground for surplus products in occasional years. So it is not necessary to dwell on the foreign consumer as the helpless target at which our surplus goods may be aimed when we begin cannonading for foreign trade. But some of you have not yet reached the point of selling him what he wants. Had our cotton mills begun five or ten years ago to make the goods which the Latin-American consumer wants, the market there to-day would be helping to absorb in the form of piece goods the big raw cotton crop that is bearing down so hard on the Southern States. Ample information was afforded through the investigation of competent technical agents as to the kind of cotton fabrics the people in Argentina and Brazil and Chili wanted. But so long as our own cotton mills did not care to make what was wanted, the South American market, except in a few lines, practically was closed to us, and we are not in a position to-day to take full advantage of the shutting off of cotton fabrics from Germany and Belgium and the interruption of the textile trade of the United Kingdom.

So I conclude with a summary of suggestions. To reach the foreign consumer it is necessary to know commercial geography—the commercial geography of the Orient, of South America and of the Russian Empire. It is desirable to digest and apply the valuable information always to be obtained through the many sources which the Government possesses. It is also desirable to approximate credits. It is imperative to study the foreign consumer in his own environment, and to sell him what he wants. In order to sell him what he wants it is essential to show him the goods. To show him the goods it is important to provide selling organizations, to put the handling of American goods in the hands of Americans, and above all to establish permanent exhibits in the leading commercial centres. All this requires co-operation, and co-operation of American manufacturers and exporters among themselves is the surest way to reach the consumers in the foreign fields.

John Barrett, Director-General of the Pan-American Union, in an address delivered at the annual banquet of the New York Credit Men's Association on the 15th inst., discussed the question of Pan-American commerce, and advocated the formation of a pool similar to that proposed for the cotton growers on behalf of the financially distressed nations of Latin America. In part he said:

It is most appropriate to discuss the great question of Pan-American commerce before this association. The chief problem of the hour in the trade between the United States and Latin America is that of credits. The United States will lose nearly \$200,000,000 of trade in Latin America during the current fiscal year because of the lack of credit facilities.

Had the banks of New York heeded my representations of former years and established in good working order branches in the principal commercial centres of Latin America, before the present crisis arrived, this city and the country at large would be in a position of extraordinary advantage to secure a large portion of the Latin-American trade which is regularly carried on with Europe. The action of the National City Bank in opening banks in several of the principal cities of South America is an important step forward, and exactly in line with what I urged them to do several years ago. The passage of the Federal Reserve Act, with its provision for the establishment by national banks of branches in foreign lands, enabled it to undertake this new responsibility, and it is to be congratulated upon entering the field. If the facilities, however, which it should provide had been ready and in operation at the outbreak of the war, not only the manufacturers, exporters and importers of the United States, but the commercial and financial interests of all Latin America would have been saved much of the present loss of trade, financial embarrassment and great inconvenience.

What Latin-American business men need at the moment is just what a large portion of the business men of the United States need—namely reasonable credits upon which to make purchases and actual markets for such raw products as usually go to Europe. Although it is true that much of Latin America is suffering from a severe financial stringency, there is too strong a tendency here to exaggerate it or to discuss it as if it were a condition of Latin America alone, and not of all America with the exception possibly of a few countries or States which have been more fortunate than the majority. There is nothing in all Latin America worse, for example, than the cotton situation in our own South, and if the corresponding interests of a nation like, for instance, Brazil or Chile, could have the benefit of such a financial pool, as is being organized by the bankers of this country to help the cotton men, they would show a recuperative power that would surprise the world and enable them to increase vastly their purchases in the United States.

That the Latin-American field is in truth one of vast importance, despite present conditions, is proved beyond question by the fact that last year the twenty countries reaching from Mexico and Cuba south to Argentina and Chili conducted a foreign trade valued at the immense total of nearly \$3,000,000,000, almost equally divided between exports and imports. That there is opportunity for the United States is proved by the fact that nearly \$2,000,000,000 of this exchange of products was with Europe.

But right here I must destroy a bogie. It is remarkable how general the impression is that the United States is far behind other countries in its Latin-American trade. This idea is strengthened by the superficial stories, articles, interviews and speeches of men who have not closely studied the situation. I will kill this bogie by stating the simple fact that the United States carried on a larger trade, a greater exchange in volume and value of products with all Latin America during the last year before the war than did any other individual country like Great Britain, Germany or France. In other words, the United States bought and sold with the twenty Latin-American countries products valued approximately at \$850,000,000, which is far in excess of the total transactions of any other individual land. While it is true that in the ten countries of South America proper, the United States was not first, it was a close third, coming after Great Britain and Germany; and, on the other hand, the United States made a greater increase during the last decade in percentage of volume and value of trade in that limited field than did either Great Britain or Germany.

The best way to develop business with Latin America is first to study the field thoroughly in data readily obtainable from the Pan-American Union, the international official organization manifested in Washington and by all the American republics for the advancement of commerce, intercourse, fellowship and peace among them, and from the Bureau of Foreign and Domestic Commerce of the Department of Commerce of the United States; second, to send trained and capable men to Latin America, not only to make sales and purchases, but to master the environment, the conditions of competition and of demand and supply and to establish connections,

and then to make use of high-class, responsible commission houses and other similar agencies when it is not practicable to send special representatives.

The opportunities offered the United States in the Far East were portrayed in an address delivered at the annual meeting on the 15th inst. of the American Asiatic Association by Willard Straight, President of the organization. We quote a portion of his remarks below:

The great outstanding fact at the present moment is the European war. It is impossible now to foretell its ultimate result and consequent effects upon the relations between China and Japan and between these two countries, the United States and the rest of the world. As far as the future is concerned, therefore, we cannot anticipate and must necessarily bide our time. Since our industrial and financial resources should by comparison be greater on the cessation of hostilities than heretofore, we would seem to be justified in believing that we should, because of the war, be in a position to gain a greater share of the Far Eastern trade.

At the present time, when European nations are so terribly involved and when Japan in consequence is exercising virtually a dominant hand in China, one cannot but be tempted to wonder whether the United States might not have been able to utilize a participation in the so-called "six-power loan" in the interest of China and the preservation of the "open door" for the world's commerce. Speculation, however, is fruitless and we must let bygones be bygones and look to the future for what it may bring forth.

Despite their withdrawal from other activities in China, the American group of bankers retained their interest in the loan for the construction of the Hukuang railways. Work is now progressing on these lines and the Administration in Washington cannot be complimented too highly for its endeavors to hold the Chinese Government to the provisions of the loan agreement, in order to assure to American manufacturers an opportunity equal to that accorded their British, French and German competitors to sell their products for the construction of these roads. Thanks to the instructions of the State Department and the activities of the American Legation at Peking, an agreement was reached between the British, German, French and American engineers and approved by the Chinese Government which should assure to American manufacturers a fair chance to compete for orders, not upon the so-called "American section" alone, but on the British and German sections as well.

The war cannot but have an immediate effect upon railway development in China. Important contracts have during the past year been secured by Belgian, French and British interests. Construction of these lines will require a heavy investment of capital. It would seem inevitable that work thereon must be considerably delayed and that whatever the outcome of the war there will be a striking readjustment in the politico-financial relations of the belligerent powers which may result in a re-distribution of the so-called "railway spheres."

Numerous opportunities will without question be offered to Americans. The ordinary exchange of commodities should be greatly stimulated. Any great extension of our trade, however, must depend upon our readiness to advance funds for China's development. If and when stable conditions are restored in China, and if American investors can be induced to purchase Chinese securities, it is but reasonable to hope that we may be able once again to assume a more important commercial position in the Far East.

The opportunity for the entrance of United States interests into the Peruvian markets forms the subject of a statement submitted to the Pan-American Union at Washington by Eduardo Higginson, Consul-General from Peru. We take the following in the matter from the "Journal of Commerce" of the 9th:

Consul General Higginson says that while Peru is at present experiencing the effects of the almost universal financial crisis which is affecting all South American nations, the Peruvian Government has taken adequate measures to prevent the exportation of gold and silver, which, added to the law authorizing a moratorium, prevents both metals from leaving the country. In addition to this, another law has been passed authorizing the issue of bearer checks by the banks for the minimum sum of £1 (or \$5), to the total of \$5,000,000 gold. This issue is guaranteed by the banks with a 25% gold fund and 65% in mortgage bonds.

There have been, moreover, several shipments of gold and silver, to the amount of a quarter of a million dollars, from this country, and more are to be sent, for minting purposes," Consul-General Higginson says further. "It will therefore be seen that with the issue of the checks to bearer and the coining of gold and silver, the present stringency is bound to improve every day, so much so that it is expected that the moratorium will shortly be removed. But even if the currency problem be solved, there would still remain for solution two other important ones, which are the finding of new markets for the exportation of our products, and second, the substitution of other imports for those originally obtained from Great Britain, France, Belgium, Austria and Germany before the war.

"The first of these could be obtained by sending our products to North American markets, where they are known, but the importation of which has been, up to the present, limited and due to accidental causes, with the exception of our copper, almost all of which is taken by the United States. * * * Up to the present I do not know of any bank which has decided to establish an agency in Peru, notwithstanding the efforts of myself and others toward this end, extending over a period of eight years, although the obvious benefits to American trade are very apparent, since without such an institution in Peru the ultimate establishment on a secure basis of commercial relations with my country can never be obtained. In Lima there are British, Italian and German banks, and it is at least curious that the United States, which has always appeared eager to acquire a portion of South American trade, should be the only country which is not represented in our Republic. To sum up, we urgently require the establishment of a North American bank in Peru; we also require the opening of agencies of North American firms in Peru, so as to manage the sale of North American goods, and, finally, the working of our mining and agricultural industries by American capital, which could also undertake different public works."

Uruguay is also interested in extending trade relations with the United States; Jose Richling, Consul-General for Uruguay, in outlining a proposition for the reciprocal exchange of commodities on the 7th pointed out that his country has an annual yield of wool of approximately 150,000,000 pounds, valued at about \$25,000,000, of which the United States usually takes \$2,000,000, the European countries taking the remainder. He states that if the American woolen mills will

this year take \$10,000,000 of raw Uruguayan wool, they can send back to Uruguay from one-third to one-half in manufactured form, including hides. In part Mr. Richling said:

"I am greatly pleased at the growth of trade between the United States and my country," he said yesterday. "We are the one gold-standard country of South America with which you can do business. The business men recognize that and to-morrow on a steamship sailing for the River Plate there goes to my country a consignment of caustic soda, galvanized iron, corrugated iron, hosiery, picture frames, hats and furs, such as has never gone there before. The interesting thing about this is that the arrangements made between the buyers and sellers are perfectly satisfactory. The sellers are not insisting on the cash on shipment, but have extended credits fairly."

"Now we must handle the wool and hides situation just as satisfactorily. France, Belgium, Germany and Great Britain took \$20,000,000 worth of our wool last year, against the \$2,000,000 taken by the United States. Therefore Europe sold finished products back to us. Now we want you to buy a good portion of that wool and we will trade with you. Uruguay is rich enough to take care of the balance. She only had a ten-day moratorium."

"The shearing is not yet under full swing in Uruguay, and I think it would be worth while for American importers of raw wool to send responsible representatives to Montevideo at once to make their purchases. The grades and the prices will make the trip worth taking."

Three of the new commercial attaches appointed by Secretary Redfield on Sept. 27 to serve as the Government's diplomats abroad, and investigate and report on manufacturing, industrial and trade conditions, have left for the South to confer with manufacturers and merchants. They are Dr. Albert Hale, C. W. A. Veditz and E. W. Thompson. They are to be connected with the American legations at Buenos Aires, Paris and Berlin, and now particularly seek intimate information about Southern interests in trade and possibilities of trade with Argentina and Western Europe.

It is stated that the Chamber of Commerce of the United States, in furtherance of the proposal for the extension of the United States trade in South America, will act as a clearing house for the benefit of manufacturing concerns in this country which have been anxious to enter the South American field, but have been deterred by the heavy outlays entailed. The Chamber, it is said, plans to send to South American commercial agents, each representing a group of American firms which would divide the expenses of the agent. The Chamber's investigations have developed that a number of the smaller American manufacturing concerns have been desirous of entering the South American territory for some time, but their understanding was that the expense of sending agents there would be heavy and that a considerable period must elapse before orders could be obtained, and as a result the Chamber has decided to lend its efforts in the matter.

The National Foreign Trade Council, of which James A. Farrell is Chairman, will hold its second convention in St. Louis on Jan. 21 and 22. The Council was created at a meeting held in Washington in May last. In issuing the call for the coming convention, Mr. Farrell says:

"In view of the entire country's realization that the sound and systematic extension of our foreign commerce is vital to the prosperity of every citizen, it is important that all elements should take counsel. Under the authority conferred upon it by the National Foreign Trade Convention, held at Washington last May, and attended by 400 representatives of nearly 100 commercial and industrial organizations, the National Foreign Trade Council now calls a second national foreign trade convention to be held at St. Louis on Jan. 21 and 22 1915."

"Since national unity of action and co-operation are necessary to meet the existing emergencies, retain the trade we have and gain a greater share of world commerce, invitations will be issued to all commercial and industrial transportation and financial organizations interested in the subject. It is expected that they will send delegates to this accessible meeting-place for a practical business men's conference on ways and means firmly to build for the future of the oversea commerce of all sections of the United States."

It has been decided to hold the Mississippi Valley Foreign Trade Conference in Memphis on Nov. 12 and 13. The gathering will be participated in by leading commercial organizations of the Mississippi Valley, Middle West and Gulf points, and the subjects to be discussed will include transportation via Mississippi Valley routes to Latin America, banking facilities, exchange of credit, the organization of trading companies for export and import and the establishment in America of industries to supply the trade that Europe has heretofore filled for Central and South America. The initial steps looking to the conference were taken in Chicago on Sept. 25. It was originally proposed to hold the conference in St. Louis, but in view of the fact that the National Foreign Trade Council will meet there in January, it was decided to hold the conference of Mississippi Valley interests in Memphis.

With a view to furthering the financial and commercial relations of New England with the South American countries, the National Shawmut Bank of Boston has decided to send a representative to South America to investigate and report

on its trade opportunities. In a letter addressed to its commercial depositors, whose businesses would indicate that they have, or would have in the future, dealings with South America, the bank says:

We have arranged for an agent to represent us in Buenos Aires, Argentina, through whom we will obtain general and special reports on business conditions in that country. These reports will be made at our request at any time and will cover such matters as the market for our products, the opportunities for purchasing goods in South America and any other information which may be useful or necessary.

While we believe that the market in South America is a valuable one, we do not think that it can be developed without expense and much work. There has been much written lately concerning methods of manufacturing and shipping goods that are wanted in South American trade, but not enough concerning the capital, which South America needs perhaps more than goods, and which heretofore has been supplied by European countries. We believe that trade between the two countries can be stimulated only by careful and intelligent work. It is our hope that through our agent we can procure trustworthy reports which will be of value to such of our customers as are contemplating the South American field for either import or export purposes.

THE WAR TAX BILL.

The war revenue bill was quickly disposed of by Congress this week; it was enacted into law on Thursday, President Wilson affixing his signature to the bill, as agreed on in conference and accepted by both branches of Congress, at 5:48 p. m. that day. The expectation that an adjournment of Congress would follow the conclusion of the proceedings on the war tax measure was not realized, the Southern Congressmen, intent on securing the enactment of cotton relief measures, having succeeded through filibuster methods in preventing an adjournment. The war revenue bill, which had passed the House on Sept. 25, passed the Senate on the 17th inst. by a vote of 34 to 22; only one Democrat, Senator Lane of Oregon, voted against the bill. The Southern Democratic Senators vigorously but unavailingly sought to indefinitely postpone consideration of the measure; the amendment of Hoke Smith of Georgia providing for an issue of \$250,000,000 three-year 4% Government bonds to be used to purchase from producers 5,000,000 bales of cotton at not more than 10 cents a pound was defeated by a vote of 40 to 21; an amendment offered by Senator McCumber calling for a bond issue of \$500,000,000 to be used by the Secretary of the Treasury in stabilizing the price of grain during the European war also suffered defeat, and an amendment of Senator Overman appropriating \$65,963,598 to pay to the Southern States the amount collected as a tax on cotton after the Civil War was lost by a vote of 44 to 14. The amendment would have repaid the cotton tax on the condition that the States loan it to cotton producers on their product. After the cotton amendments had been defeated, Senator Hoke Smith, declaring that the "Senate has defeated a measure vastly more important than the war revenue bill," moved to lay that measure on the table. Senator Bryan of Florida made the point of order that the motion was out of order, because the Senate had agreed the previous day to bring about final disposition of the bill on Saturday night. Vice-President Marshall sustained this point of order. Senator Vardaman of Mississippi then moved that the Senate indefinitely postpone action on the war revenue bill. This motion, which was held to be within the spirit of the unanimous-consent resolution, was voted down 32 to 25. To thwart any efforts which the Southern Representatives might make to prevent the bill being sent to conference, a motion that the Senate request a conference upon the bill with the House was offered on the 17th by Senator Simmons, and was agreed to; the Vice-President appointed as the Senate conferees Senators Simmons, Stone, Williams, McCumber and Clark. Ninety-eight amendments were made to the bill by the Senate; the principal points of difference between the House and Senate bills have already been outlined; the Senate increased the tax on beer from \$1 50 to \$1 75 a barrel and placed a tax of 5 cents a gallon on rectified spirits; it changed the tax on sweet wines from 20 cents to 8 cents, reduced the tax on dry wines from 12 cents to 8 cents a gallon and imposed a tax of 55 cents a gallon on wine spirits; it raised the tax on manufacturers of tobacco, cigars and cigarettes; in each case the House had fixed the maximum tax at \$24; the Senate made the maximum \$2,496; the House tax of \$2 a thousand on bank capital and surplus was reduced by the Senate to \$1 per thousand; the Senate removed the House tax of 2 cents a gallon on gasoline; the Senate levied a tax on perfumery, cosmetics, &c.; it exempted from the bill life and other personal insurance and exempted mortgages, and it removed the 25-cent tax on mortgages, &c., &c. On the suggestion of Chairman Simmons, the Senate changed the bill so as to make it cer-

tain that the stamp Act on transactions on boards of trade and exchanges where produce is sold should not apply to sales for immediate actual delivery of the articles sold, the stamp Act applying only to sales for future delivery. On the 19th inst., when the measure was returned to the House, Leader Underwood moved that the House disagree to the Senate amendments and consent to the Senate's request for a conference; Representative Henry, however, objected, and moved that it be sent to the Committee on Ways and Means; the House was without a quorum, and as unanimous consent was necessary, Mr. Underwood's motion was lost, and the bill was sent to the Ways and Means Committee. Representative Henry declared on the 19th that he would insist upon a quorum before final disposition of the revenue bill and that he would make another effort to push his bill for the issuance of \$250,000,000 of Government bonds for relief of the cotton States. On the 20th the Ways and Means Committee reported the war revenue bill to the House, and, by unanimous consent, it was sent to conference, Representatives Underwood, Kitchin and Payne having been named as the conferees on the part of the House. An agreement on the bill was reached by the conferees on Wednesday night, and on Thursday both the House and Senate accepted the conference report (the former by a vote of 126 to 52 and the latter by a vote of 35 to 11), and the President, as indicated above, signed it on the same day. The agreement fixed the tax on beer at \$1 50 a barrel, with the Senate amendment for a 5% rebate for prompt payment eliminated. The Senate amendment reducing the proposed tax on bank capital and surplus from \$2 to \$1 a thousand was retained. The Senate proposal to tax domestic sweet and dry wines 8 cents a gallon, with a tax of 55 cents a gallon on brandies used in the fortification of wines also was retained. The Senate amendment increasing the tax on tobacco manufacturers and dealers was agreed to with few exceptions and the stamp taxes were not disturbed. Stock brokers will be taxed \$30 a year instead of \$50. The graduated tax on theatres also was changed slightly, the final rates being as follows: Theatres, with a seating capacity of 250 or less, will pay \$25 a year; 500 capacity, \$50; 800 capacity, \$75; more than 800 capacity, \$100 a year. Representative Underwood's proposal to restore the tax of 2 cents a gallon on gasoline as contained in the House bill was rejected. The Senate's imposition of taxes upon perfumeries, cosmetics, &c., was retained, as was its amendment modifying the provision taxing shipments of newspapers by express and freight. This amendment provides that a bill of lading need not be made out for every bundle of newspapers shipped, as was directed by the House provision, but that the tax on each shipment of newspapers shall be paid on the basis of sworn statements. Another Senate amendment striking out the proposed tax on mortgages was also retained.

The Senate's increase in the proposed tax on pawnbrokers from \$20 to \$50 was retained. The yield under the present bill is estimated at \$90,000,000; it was estimated that the House bill would have produced an annual revenue of \$105,000,000. The bill went into effect as to most of its features yesterday. The exceptions are the special taxes on bankers, brokers and proprietors of theatres and circuses and the tax on tobacco dealers and manufacturers, which will go into effect by special provision on Nov. 1; the stamp taxes in Schedules A and B will not go into effect until Dec. 1. There are also a few other exceptions. We give below the full text of the bill as it became a law:

AN ACT TO INCREASE THE INTERNAL REVENUE, AND FOR OTHER PURPOSES.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That there shall be levied, collected and paid in lieu of the tax of \$1 now imposed by law, a tax of \$1 50 on all beer, lager beer, ale, porter and other similar fermented liquor, brewed or manufactured and sold, or stored in warehouse, or removed for consumption or sale, within the United States, by whatever name such liquors may be called, for every barrel containing not more than 31 gallons; and at a like rate for any other quantity or for the fractional parts of a barrel authorized and defined by law. And sec. 3339 of the Revised Statutes is hereby amended accordingly: Provided, That the additional tax imposed in this section on all fermented liquors stored in warehouse to which a stamp has been affixed shall be assessed and collected in the manner now provided by law for the collection of taxes not paid by stamp: Provided further, That until appropriate stamps are prepared and furnished, the stamps heretofore used to denote the payment of the internal-revenue tax on fermented liquor may be stamped or imprinted with a suitable device to denote the new rate of tax herein imposed, and shall be affixed to all packages containing such liquors on which the tax imposed by this Act is paid. Any person having possession of unaffixed stamps heretofore issued for the payment of the tax on fermented liquors shall present the same to the collector of the district, who shall receive them at the price paid for such stamps by the purchaser and issue in lieu thereof new or imprinted stamps at the rate provided in this Act.

Sec. 2. That upon all still wines, domestic and imported, when sold or offered for sale or consumption, there shall be levied and collected taxes as follows: On each bottle containing one-fourth pint or less, one-fourth cent;

on each bottle containing more than one-fourth pint and not more than one-half pint, one-half cent; on each bottle containing more than one-half pint and not more than one pint, one cent; and on each bottle containing more than one pint and not more than one quart, 2 cents; and on still wines in all other containers, not herein specially provided for the tax shall be at the rate of 8 cents per gallon.

That upon all domestic and imported champagne and other sparkling wines, and upon all artificially carbonated wines, when sold or offered for sale or consumption, there shall be levied and collected taxes as follows: Upon each bottle containing one-half pint or less, 5 cents; on each bottle containing more than one-half pint and not more than one pint, 10 cents; on each bottle containing more than one pint and not more than one quart, 20 cents; and on all other containers at the rate of 20 cents per quart; and on all liqueurs, cordials or similar compounds, domestic and imported, by whatever name sold or offered for sale, there shall be levied and collected a tax on each bottle containing not more than one-half pint, 1½ cents more than one-half pint and not more than one pint, 3 cents; more than one pint and not more than one quart, 6 cents; and on larger containers a tax at the rate of 24 cents per gallon.

All of the taxes imposed in the preceding paragraphs of this section shall be paid by stamps to be affixed to each bottle or container in which such still wines, champagne wines, carbonated wines, liqueurs or cordials or similar compounds are sold or offered for sale: Provided, That when such still wines, champagne wines, carbonated wines, liqueurs, cordials or similar compounds, taxable under the provisions of this section, are sold or delivered by the producer, importer or dealer in wholesale quantities to other dealers, including rectifiers, manufacturing chemists and druggists, the dealer receiving and selling, or offering the same for sale or consumption to any person other than a dealer, shall affix thereto the stamps hereinbefore prescribed: And provided further, That the stamp tax herein imposed shall not be collected on any still wine used by any rectifier, manufacturing chemist or druggist in the manufacture of any liqueur, cordial or compound subject to any internal-revenue tax imposed by this Act.

The Commissioner of Internal Revenue shall cause to be prepared suitable and special stamps denoting the tax herein imposed, to be affixed and canceled in such manner as he, with the approval of the Secretary of the Treasury, may prescribe; and in the absence of such stamps from any bottle or container containing wine, liqueur, cordial or compound taxable under the provisions of this section, sold or offered for sale or consumption, shall be prima facie evidence that the tax thereon has not been paid, and all such wines, liqueurs, cordials or compounds shall be forfeited to the United States.

There shall be levied and assessed against the maker or producer of all wines fortified under the provisions and conforming to the requirements of the sections of the tariff Act of Oct. 1 1890 relating to the fortification of pure sweet wines, as amended, and as further amended by this Act; a tax of 55 cents on each taxable gallon of grape brandy or wine spirits used by him in the fortification of such wines: Provided, however, That the maker or producer of such fortified wines shall, under regulations and suitable bonds, to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, have assessed against him monthly the said tax of 55 cents on each taxable gallon of grape brandy or wine spirits used by him during the preceding month, which assessment shall be paid within ninety days from the date of notice thereof: Provided further, That nothing herein contained shall be construed as exempting any still wines, cordials, liqueurs or similar compounds from the payment of any stamp tax provided for in this section.

The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is hereby authorized to make all necessary regulations to make effective the provisions of this section.

That sections 42, 43, 45, 46 and 49 of the Act of Oct. 1 1890, as amended by section 68 of an Act approved Aug. 28 1894, and by an Act approved June 7 1906, are further amended to read as follows:

"Sec. 42. That any producer of pure sweet wines may use in the preparation of such sweet wines, under such regulations, and after the filing of such notices and bonds, together with the keeping of such records and the rendition of such reports as to materials and products as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe, wine spirits produced by any duly authorized distiller, and the Commissioner of Internal Revenue in determining the liability of any distiller of wine spirits to assessment under section 3309 of the Revised Statutes, is authorized to allow such distiller credit in his computations for the wine spirits withdrawn to be used in fortifying sweet wines under this Act: Provided, That such wine containing after fortification more than 24% of alcohol, as defined by section 3249 of the Revised Statutes, shall be forfeited to the United States.

"Sec. 43. That the wine spirits mentioned in Sec. 42 of this Act is the product resulting from the distillation of fermented grape juice, to which water may have been added prior to, during, or after fermentation, for the sole purpose of facilitating the fermentation and economical distillation thereof, and shall be held to include the product from grapes or their residues commonly known as grape brandy, and shall include commercial grape brandy which may have been colored with burnt sugar or caramel; and the pure sweet wine which may be fortified with wine spirits under the provisions of this Act is fermented or partially fermented grape juice only, with the usual cellar treatment, and shall contain no other substance whatever introduced before, at the time of, or after fermentation, except as herein expressly provided: Provided, That the addition of pure boiled or condensed grape must or pure crystallized cane or beet sugar, or pure dextrose sugar or water, or any or all of them, to the pure grape juice before fermentation, or to the fermented product of such grape juice, or to both, prior to the fortification provided in this Act, either for the purpose of perfecting sweet wines according to commercial standards or for mechanical purposes, shall not be excluded by the definition of pure sweet wine aforesaid: Provided, however, That the cane or beet sugar, or pure dextrose sugar so used shall not be in excess of 11% of the weight of the wine to be fortified under this Act; And provided further, That the addition of water herein authorized shall be under such regulations and limitations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may from time to time prescribe: Provided, however, That records kept in accordance with such regulations as to the percentage of saccharine, acid, alcoholic and added water content of the wine offered for fortification shall be open to inspection by any official of the Department of Agriculture thereto duly authorized by the Secretary of Agriculture; but in no case shall such wines to which water has been added be eligible for fortification under the provisions of this Act, where the same, after fermentation and before fortification, have an alcoholic strength of less than 5% of their volume.

"Sec. 45. That under such regulations and official supervision, and upon the execution of such entries and the giving of such bonds, bills of lading, and other security as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, any producer of pure sweet wines as defined by this Act may withdraw wine spirits from any special bonded warehouse in original packages or from any registered distillery in any quantity not less than eighty wine gallons, and may use

so much of the same as may be required by him under such regulations, and after the filing of such notices and bonds and the keeping of such records and the rendition of such reports as to materials and products and the disposition of the same as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, in fortifying the pure sweet wines made by him, and for no other purpose, in accordance with the foregoing limitations and provisions; and the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is authorized whenever he shall deem it to be necessary for the prevention of violations of this law to prescribe that wine spirits withdrawn under this section shall not be used to fortify wines except at a certain distance prescribed by him from any distillery, rectifying house, winery, or other establishment used for producing or storing distilled spirits, or for the making or storing wines other than wines which are so fortified, and that in the building in which such fortification of wines is practiced no wines or spirits other than those permitted by this regulation shall be stored in any room or part of the building in which the fortification of wines is practiced. The use of wine spirits for the fortification of sweet wines under this Act shall be under the immediate supervision of an officer of internal revenue, who shall make returns describing the kinds and quantities of wine so fortified, and shall affix such stamps and seals to the packages containing such wines as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury; and the Commissioner of Internal Revenue shall provide by regulations the time within which wines so fortified with the wine spirits so withdrawn may be subject to inspection, and for final accounting for the use of such wine spirits and for re-warehousing or for payment of the tax on any portion of such wine spirits which remain not used in fortifying pure sweet wines.

"Sec. 46. That wine spirits may be withdrawn from special bonded warehouses at the instance of any person desiring to use the same to fortify any wines, in accordance with commercial demands of foreign markets, when such wines are intended for exportation, without the payment of tax on the amount of wine spirits used in such fortification, under such regulations, and after making such entries, and executing and filing with the Collector of the district from which the removal is to be made such bonds and bills of lading, and giving such other additional security to prevent the use of such wine spirits free of tax otherwise than in the fortification of wine intended for exportation and for the due exportation of the wine so fortified, as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury; and all of the provisions of law governing the exportation of distilled spirits free of tax, so far as applicable, shall apply to the withdrawal and use of wine spirits and the exportation of the same in accordance with this section; and the Commissioner of Internal Revenue is authorized, subject to the approval of the Secretary of the Treasury, to prescribe that wine spirits intended for the fortification of wines under this section shall not be introduced into such wines except under the immediate supervision of an officer of internal revenue, who shall make returns describing the kinds and quantities of wine so fortified, and shall affix such stamps and seals to the packages containing such wines as may be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury. Whenever transportation of such wine is to be effected by land carriage the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe such regulations as to sealing packages and vehicles containing the same, and as to the supervision of transportation from the point of departure, which point shall be determined as the place where such wine spirits may be introduced into such wines to the point of destination as may be necessary to insure the due exportation of such fortified wines: Provided, That where, in accordance with regulations of the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, wines fortified under the provisions of this Act with brandy taxable at 55 cents per proof gallon are exported directly from the winery where fortified, there shall be allowed an abatement or refund of tax equivalent to 55 cents per gallon on each proof gallon of wine spirits contained in such wine at the time of exportation, which amount of wine spirits shall be ascertained by the Commissioner of Internal Revenue under regulations approved by the Secretary of the Treasury: Provided, That such wine spirits on which abatement or refund of tax is allowed shall not exceed the total amount of alcohol in such wine over and above 14% thereof.

"Sec. 49. That winespirits used in fortifying wines may be recovered from such wines only on the premises of a duly authorized grape-brandy distiller, and for the purpose of such recovery wine so fortified may be received as material on the premises of such a distiller, on a special permit of the collector of internal revenue in whose district the distillery is located; and the distiller will be held to pay the tax on the product from such wines as will include both the alcoholic strength therein produced by the fermentation of the grape juice and that obtained from the added distilled wine spirits; Provided, That when application for such special permit for re-distillation shall be made by the producer of any wines fortified with brandy subject to the tax of 55 cents per proof gallon, before such wine shall have been moved from the premises of the winery where fortified and the re-distillation is had under regulations made by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, an abatement or refund of the tax assessed against said producer shall be allowed equivalent to 55 cents per proof gallon of brandy contained in said spirits at the time of re-distillation, which amount of brandy shall be ascertained by the Commissioner of Internal Revenue, under regulations approved by the Secretary of the Treasury, and wine spirits so recovered may be used in the manner provided by law for the fortification of other wine: Provided, That such wine spirits on which abatement or refund of tax is allowed shall not exceed the total amount of alcohol in such wine over and above fourteen per centum thereof."

That Section 3 and Section 6 of the Act of June 7 1906, amending the laws relating to the fortification of pure sweet wines, are hereby amended to read as follows:

"Sec. 3. That the Commissioner of Internal Revenue is hereby authorized to assign at each winery where wines are to be fortified such number of gauges or store-keeper gauges, in the capacity of gaugers, for special duties as may be necessary for the proper supervision of the making and fortifying of such wines, and the compensation of such officers shall not exceed \$5 per diem while so assigned, together with their actual and necessary traveling expenses, and also a reasonable allowance for their board bills, to be fixed by the Commissioner of Internal Revenue, but not to exceed \$2 per diem for said board bills. That bonds hereafter given under the provisions of the aforesaid Act of October 1 1890, as amended, shall be conditioned for the payment of the tax on all brandy removed thereunder and not used and accounted for within the time and in the manner required by law and regulations, and for the payment of all taxes imposed on the brandy so withdrawn and used for fortifications; and the said bonds shall contain such other conditions as the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury, may by regulation prescribe.

"Sec. 6. That any person who by any process recovers from wines fortified under the provisions of the aforesaid Act approved October 1 1890, as

amendments thereto, any brandy or wine spirits used in the manufacture or fortification of said wine, otherwise than is provided for in said Act, and its amendments, or who shall rectify, mix, or compound with distilled spirits or other materials, except as provided in this Act, such grape brandy, fortified wines or wine spirits unlawfully recovered therefrom, shall, on conviction, be punished for each such offense by a fine of not less than \$200 nor more than \$1,000. But the provisions of this section and the provisions of Section 3244 of the Revised Statutes of the United States, as amended, relating to rectification, or other internal revenue laws of the United States, shall not be held to apply to or prohibit the mixing or blending of pure sweet wines fortified under the provisions of this Act with each other or with other wines: Provided, That the pure sweet wines fortified under the provisions of this Act may be used in the manufacture of cordials, liqueurs, and similar compounds on which an internal revenue tax of 24 cents a gallon is imposed, and otherwise the provision of Section 3244 of the Revised Statutes of the United States shall remain in full force and effect."

Special Taxes.

Sec. 3. That on and after November 1 1914, special taxes shall be, and hereby are, imposed annually, as follows, that is to say:

First. Bankers shall pay \$1 for each \$1,000 of capital used or employed, and in estimating capital, surplus and undivided profits shall be included. The amount of such annual tax shall in all cases be computed on the basis of the capital surplus and undivided profits for the preceding fiscal year. Every person, firm or company, and every incorporated or other bank, having a place of business where credits are opened by the deposit or collection of money or currency, subject to be paid or remitted upon draft, check or order, or where money is advanced or loaned on stocks, bonds, bullion, bills of exchange, or promissory notes, or where stocks, bonds, bullion, bills of exchange or promissory notes are received for discount or sale, shall be a banker under this Act: Provided, That any postal savings bank, or savings bank having no capital stock, and whose business is confined to receiving deposits and loaning or investing the same for the benefit of its depositors, and which does no other business of banking, shall not be subject to this tax.

Second. Brokers shall pay \$30. Every person, firm or company whose business it is to negotiate purchases or sales of stocks, bonds, exchange, bullion, coined money, bank notes, promissory notes, or other securities, for themselves or others, shall be regarded as a broker: Provided, That any person having paid the special tax as a banker shall not be required to pay the special tax as a broker.

Third. Pawnbrokers shall pay \$50. Every person, firm or company whose business or occupation it is to take or receive, by way of pledge, pawn or exchange, any goods, wares or merchandise, or any kind of personal property whatever, as security for the re-payment of money loaned thereon, shall be deemed a pawnbroker.

Fourth. Commercial brokers shall pay \$20. Every person, firm or company whose business it is as a broker to negotiate sales or purchases of goods, wares, produce or merchandise, or to negotiate freights and other business for the owners of vessels, or for the shippers or consignors or consignees of freight carried by vessels, shall be regarded as a commercial broker under this Act.

Fifth. Custom-house brokers shall pay \$10. Every person, firm or company whose occupation it is, as the agent of others, to arrange entries and other custom-house papers, or transact business at any port of entry relating to the importation or exportation of goods, wares or merchandise, shall be regarded as a custom-house broker.

Sixth. Proprietors of theatres, museums and concert halls, where a charge for admission is made, having a seating capacity of not more than 250, shall pay \$25; having a seating capacity of more than 250 and not exceeding 500, shall pay \$50; having a seating capacity exceeding 500 and not exceeding 800, shall pay \$75; having a seating capacity of more than 800, shall pay \$100. Every edifice used for the purpose of dramatic or operatic or other representations, plays, or performances, for admission to which entrance money is received, not including halls or armories rented or used occasionally for concerts or theatrical representations, shall be regarded as a theatre: Provided, That whenever any such edifice is under lease at the passage of this Act, the tax shall be paid by the lessee, unless otherwise stipulated between the parties to said lease.

Seventh. The proprietor or proprietors of circuses shall pay \$100. Every building, space, tent or area where feats of horsemanship or acrobatic sports or theatrical performances not otherwise provided for in this Act are exhibited shall be regarded as a circus: Provided, That no special tax paid in one State, Territory, or the District of Columbia shall exempt exhibitions from the tax in another State, Territory, or the District of Columbia, and but one special tax shall be imposed for exhibitions within any one State, Territory or District.

Eighth. Proprietors or agents of all other public exhibitions or shows for money not enumerated in this section shall pay \$10: Provided, That a special tax paid in one State, Territory or the District of Columbia shall not exempt exhibitions from the tax in another State, Territory, or the District of Columbia, and but one special tax shall be required for exhibitions within any one State, Territory or the District of Columbia: Provided further, That this paragraph shall not apply to Chautauquas, lecture lyceums, agricultural or industrial fairs, or exhibitions held under the auspices of religious or charitable associations.

Ninth. Proprietors of bowling alleys and billiard rooms shall pay \$5 for each alley or table. Every building or place where bowls are thrown or where games of billiards or pool are played, and that are open to the public with or without price, shall be regarded as a bowling alley or a billiard room, respectively.

Tenth. Commission merchants shall pay \$20. Every person, firm or company whose business or occupation it is to receive into his or its possession any goods, wares or merchandise to sell the same on commission shall be regarded as a commission merchant: Provided, That any person having paid the special tax as a commercial broker shall not be required to pay the special tax as a commission merchant: Provided further, That this provision shall not apply to commission houses run upon a co-operative plan.

Tobacco Dealers and Manufacturers.

Sec. 4. That on and after November 1 1914, special taxes on tobacco dealers and manufacturers shall be and hereby are imposed annually as follows, the amount of such annual taxes to be computed in all cases on the basis of the annual sales for the preceding fiscal year:

Dealers in leaf tobacco whose annual sales or transfers do not exceed 50,000 pounds shall each pay \$6. Dealers in leaf tobacco whose annual sales or transfers exceed 50,000 and do not exceed 100,000 pounds shall pay \$12, and if their annual sales or transfers exceed 100,000 pounds, shall pay \$24: Provided, That dealers in leaf tobacco whose annual sales or transfers do not exceed 1,000 pounds shall be exempt from the tax herein imposed on dealers in leaf tobacco.

Dealers in tobacco, not specially provided for in this section whose annual receipts from the sale of tobacco exceeds \$200, shall each pay \$4 80 for each store, shop, or other place in which tobacco in any form is sold.

Every person whose business it is to sell, or offer for sale, manufactured tobacco, snuff, cigars or cigarettes shall be regarded as a dealer in tobacco: Provided, That no manufacturer of tobacco, snuff, cigars or cigarettes shall be required to pay a special tax as a dealer in manufactured tobacco, snuff, cigars or cigarettes for selling his own products at the place of manufacture.

Manufacturers of tobacco whose annual sales do not exceed 100,000 pounds shall each pay \$6.

Manufacturers of tobacco whose annual sales exceed 100,000 and do not exceed 200,000 pounds shall each pay \$12.

Manufacturers of tobacco whose annual sales exceed 200,000 and do not exceed 400,000 pounds shall each pay \$24.

Manufacturers of tobacco whose annual sales exceed 400,000 and do not exceed 1,000,000 pounds shall each pay \$60.

Manufacturers of tobacco whose annual sales exceed 1,000,000 and do not exceed 5,000,000 pounds shall each pay \$300.

Manufacturers of tobacco whose annual sales exceed 5,000,000 and do not exceed 10,000,000 pounds shall each pay \$600.

Manufacturers of tobacco whose annual sales exceed 10,000,000 and do not exceed 20,000,000 pounds shall each pay \$1,200.

Manufacturers of tobacco whose annual sales exceed 20,000,000 pounds shall each pay \$2,496.

Manufacturers of cigars whose annual sales do not exceed 100,000 cigars shall each pay \$3.

Manufacturers of cigars whose annual sales exceed 100,000 and do not exceed 200,000 cigars shall each pay \$6.

Manufacturers of cigars whose annual sales exceed 200,000 and do not exceed 400,000 cigars shall each pay \$12.

Manufacturers of cigars whose annual sales exceed 400,000 and do not exceed 1,000,000 cigars shall each pay \$30.

Manufacturers of cigars whose annual sales exceed 1,000,000 and do not exceed 5,000,000 cigars shall each pay \$150.

Manufacturers of cigars whose annual sales exceed 5,000,000 and do not exceed 20,000,000 cigars shall each pay \$600.

Manufacturers of cigars whose annual sales exceed 20,000,000 and do not exceed 40,000,000 cigars shall each pay \$1,200.

Manufacturers of cigars whose annual sales exceed 40,000,000 cigars shall each pay \$2,496.

Manufacturers of cigarettes whose annual sales do not exceed 1,000,000 cigarettes shall each pay \$12.

Manufacturers of cigarettes whose annual sales exceed 1,000,000 and do not exceed 2,000,000 cigarettes shall each pay \$24.

Manufacturers of cigarettes whose annual sales exceed 2,000,000 and do not exceed 5,000,000 cigarettes shall each pay \$60.

Manufacturers of cigarettes whose annual sales exceed 5,000,000 and do not exceed 10,000,000 cigarettes shall each pay \$120.

Manufacturers of cigarettes whose annual sales exceed 10,000,000 and do not exceed 50,000,000 cigarettes shall each pay \$600.

Manufacturers of cigarettes whose annual sales exceed 50,000,000 and do not exceed 100,000,000 cigarettes shall each pay \$1,200.

Manufacturers of cigarettes whose annual sales exceed 100,000,000 cigarettes shall each pay \$2,496.

In arriving at the amount of the license tax to be paid hereunder, and in the levy and collection of such tax, each person, firm or corporation engaged in the manufacture of cigars, cigarettes (including little cigars) or tobacco shall be considered and deemed a single manufacturer.

And every person who carries on any business or occupation for which special taxes are imposed by this Act, without having paid the special tax herein provided, shall, besides being liable to the payment of such special tax, be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not more than \$500, or be imprisoned not more than six months, or both, at the discretion of the court: Provided, That the special taxes imposed by this Act and payable during the special tax year ending June 30 1916 shall be collected and paid proportionately for the period during which such taxes shall remain in force during said year.

Adhesive Stamps.

Sec. 5. That on and after the first day of December 1914 there shall be levied, collected and paid, for and in respect of the several bonds, debentures or certificates of stock and of indebtedness, and other documents, instruments, matters and things mentioned and described in Schedule A of this Act, or for or in respect of the vellum, parchment, or paper upon which such instruments, matters or things or any of them, shall be written or printed by any person or persons, or party who shall make, sign or issue the same, or for whose use or benefit the same shall be made, signed or issued, the several taxes or sums of money set down in figures against the same, respectively, or otherwise specified or set forth in the said schedule.

And there shall also be levied, collected and paid, for and in respect to the preparations, matters and things mentioned and described in Schedule B of this Act, manufactured, sold or removed for sale, the several taxes or sums of money set down in words or figures against the same, respectively, or otherwise specified or set forth in Schedule B of this Act.

Sec. 6. That if any person or persons shall make, sign or issue or cause to be made, signed or issued any instrument, document or paper of any kind or description whatsoever, without the same being duly stamped for denoting the tax hereby imposed thereon, or without having thereupon an adhesive stamp to denote said tax, such person or persons shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not more than \$100, at the discretion of the court.

Sec. 7. That if any person shall forge or counterfeit, or cause or procure to be forged or counterfeited, any stamp, die, plate or other instrument, or any part of any stamp, die, plate or other instrument, which shall have been provided, or may hereafter be provided, made, or used in pursuance of this Act, or shall forge, counterfeit or resemble, or cause or procure to be forged, counterfeited or resembled, the impression, or any part of the impression, of any such stamp, die, plate or other instrument, as aforesaid, upon any vellum, parchment, or paper, or shall stamp or mark, or cause or procure to be stamped or marked, any vellum, parchment, or paper with any such forged or counterfeited stamp, die, plate or other instrument, or part of any stamp, die, plate or other instrument, as aforesaid, with intent to defraud the United States of any of the taxes hereby imposed, or any part thereof, or if any person shall utter or sell or expose for sale any vellum, parchment, paper, article or thing having thereupon the impression of any such counterfeited stamp, die, plate or other instrument, or any part of any stamp, die, plate or other instrument, or any such forged, counterfeited or resembled impression, or part of impression, as aforesaid, knowing the same to be forged, counterfeited or resembled; or if any person shall knowingly use or permit the use of any stamp, die, plate or other instrument, which shall have been so provided, made or used as aforesaid, with intent to defraud the United States; or if any person shall fraudulently cut, tear or remove or cause or procure to be cut, torn or removed, the impression of any stamp, die, plate or other instrument which shall have been provided, made or used in pursuance of this Act from any vellum, parchment or paper or any instrument or writing charged or chargeable with any of the taxes imposed by law; or if any person shall fraudulently

use, join, fix or place, or cause to be used, joined, fixed or placed, to, with or upon any vellum, parchment paper or any instrument or writing charged or chargeable with any of the taxes hereby imposed any adhesive stamp, or the impression of any stamp, die, plate or other instrument, which shall have been provided, made or used in pursuance of law, and which shall have been cut, torn or removed from any other vellum, parchment or paper, or any instrument or writing charged or chargeable with any of the taxes imposed by law; or if any person shall wilfully remove or cause to be removed, alter or cause to be altered, the canceling or defacing marks of any adhesive stamp with intent to use the same, or to cause the use of the same, after it shall have been once used, or shall knowingly or wilfully sell or buy such washed or restored stamp, or offer the same for sale, or give or expose the same to any person for use, or knowingly use the same, or prepare the same with intent for the further use thereof; or if any person shall knowingly and without lawful excuse (the proof whereof shall lie on the person accused) have in his possession any washed, restored or altered stamp which has been removed from any vellum, parchment, paper, instrument or writing, then, and in every such case, every person so offending, and every person knowingly and wilfully aiding, abetting or assisting in committing any such offenses as aforesaid shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall forfeit the said counterfeited stamps and the articles upon which they are placed, and shall be punished by a fine not exceeding \$1,000, or by imprisonment and confinement at hard labor not exceeding five years, or both, at the discretion of the court.

Sec. 8. That in any and all cases where an adhesive stamp shall be used for denoting any tax imposed by this Act, except as hereinafter provided, the person using or affixing the same shall write or stamp thereupon the initials of his name and the date upon which the same shall be attached or used, so that the same may not again be used. And if any person shall fraudulently make use of an adhesive stamp to denote any tax imposed by this Act without so effectually canceling and obliterating such stamp, except as before mentioned, he, she, or they shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not exceeding \$500, or be imprisoned not more than six months, or both, at the discretion of the court; Provided, That instead of cancellation by initials and date, the stamps on the articles enumerated in Schedule B shall be so affixed on the box, bottle, or package that in opening the same, or using the contents thereof, the said stamp shall be effectually destroyed; and in default thereof the party making default shall be liable to the same penalty imposed for neglect to affix said stamp as hereinbefore prescribed in this Act.

Sec. 9. That if any person or persons shall make, sign, or issue, or cause to be made, signed or issued, or shall accept or pay, or cause to be accepted or paid, with design to evade the payment of any stamp tax, any promissory note liable to any of the taxes imposed by this Act, without the same being duly stamped, or having thereupon an adhesive stamp for denoting the tax hereby charged thereon, he, she or they shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine not exceeding \$200, at the discretion of the court.

Sec. 10. That the collectors of the several districts are hereby authorized and required to furnish to any Assistant Treasurer of the United States or designated depositary thereof, or any postmaster located in their collection districts, respectively, a suitable quantity of adhesive stamps, without prepayment therefor, and may in advance require of any designated depositary, Assistant Treasurer of the United States, or Postmaster a bond, with sufficient sureties, to an amount equal to the value of the adhesive stamps which may be placed in his hands and remain unaccounted for, conditioned for the faithful return, whenever so required, of all quantities or amounts undisposed of, and for the payment monthly of all quantities or amounts sold or not remaining on hand. And it shall be the duty of such collectors to supply their deputies with, or sell to other parties within their respective districts who may make application therefor, adhesive stamps, upon the same terms allowed by law or under the regulations of the Commissioner of Internal Revenue, who is hereby authorized to make such other regulations, not inconsistent herewith, for the security of the United States and the better accommodation of the public, in relation to the matters hereinbefore mentioned, as he may judge necessary and expedient. And the Secretary of the Treasury may from time to time make such regulations as he may find necessary to insure the safekeeping or prevent the illegal use of all such adhesive stamps.

Sec. 11. That any person or persons who shall register, issue, sell, or transfer, or who shall cause to be issued, registered, sold or transferred, any instrument, document, or paper of any kind or description whatsoever mentioned in Schedule A of this Act, without the same being duly stamped, or having thereupon an adhesive stamp for denoting the tax chargeable thereon, and canceled in the manner required by law, with intent to evade the provisions of this Act, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine not exceeding \$50, or by imprisonment not exceeding six months, or both, in the discretion of the court. Provided, That hereafter, in all cases where the party has not affixed to any instrument the stamp required by law thereon at the time of issuing, selling or transferring the said bonds, debentures, or certificates of stock or of indebtedness, and he or they, or any party having an interest therein, shall be subsequently desirous of affixing such stamp to said instrument, or, if said instrument be lost, to a copy thereof, he or they shall appear before the Collector of Internal Revenue of the proper district, who shall, upon the payment of the price of the proper stamp required by law, and of a penalty of \$10, and, where the whole amount of the tax denoted by the stamp required shall exceed the sum of \$50, on payment also of interest, at the rate of 6%, on said tax from the day on which such stamp ought to have been affixed, affix the proper stamp to such bond, debenture, certificate of stock or of indebtedness or copy, and note upon the margin thereof the date of his so doing, and the fact that such penalty has been paid; and the same shall thereupon be deemed and held to be as valid, to all intents and purposes, as if stamped when made or issued: And provided further, That where it shall appear to said collector, upon oath or otherwise, to his satisfaction, that any such instrument has not been duly stamped, at the time of making or issuing the same, by reason of accident, mistake, inadvertence, or urgent necessity, and without any wilful design to defraud the United States of the stamp, or to evade or delay the payment thereof, then and in such case, if such instrument, or, if the original be lost, a copy thereof, duly certified by the officer having charge of any records in which such original is required to be recorded, or otherwise duly proven to the satisfaction of the collector, shall, within twelve calendar months after the making or issuing thereof, be brought to the said Collector of Internal Revenue to be stamped, and the stamp tax chargeable thereon shall be paid, it shall be lawful for the said collector to remit the penalty aforesaid and to cause such instrument to be duly stamped. And when the original instrument, or a certified or duly proven copy thereof, as aforesaid, duly stamped so as to entitle the same to be recorded, shall be presented to the clerk, register, recorder, or other officer having charge of the original record, it shall be lawful for such officer, upon the payment of the fee legally chargeable for the recording thereof, to make a new record thereof, or to note upon the original record the fact that the error or omission in the stamping of said original instrument has been corrected pursuant to law; and the original instrument

or such certified copy, or the record thereof, may be used in all courts and places in the same manner and with like effect as if the instrument had been originally stamped; And provided further, That in all cases where the party has not affixed the stamp required by law upon any such instrument issued, registered, sold, or transferred at a time when and at a place where no collection district was established, it shall be lawful for him or them, or any party having an interest therein, to affix the proper stamp thereto, or, if the original be lost, to a copy thereof. But no right acquired in good faith before the stamping of such instrument, or copy thereof, as herein provided, if such record be required by law, shall in any manner be affected by such stamping as aforesaid.

Sec. 12. That hereafter no instrument, paper or document required by law to be stamped, which has been signed or issued without being duly stamped, or with a deficient stamp, nor any copy thereof, shall be recorded until a legal stamp or stamps, denoting the amount of tax, shall have been affixed thereto, as prescribed by law: Provided, That any bond, debenture, certificate of stock, or certificate of indebtedness issued in any foreign country shall pay the same tax as is required by law on similar instruments when issued, sold or transferred in the United States; and the party to whom the same is issued, or by whom it is sold or transferred, shall, before selling or transferring the same, affix thereon the stamp or stamps indicating the tax required.

Sec. 13. That it shall not be lawful to record or register any instrument, paper or document required by law to be stamped unless a stamp or stamps of the proper amount shall have been affixed and canceled in the manner prescribed by law.

Sec. 14. That no instrument, paper or document required by law to be stamped shall be deemed or held invalid and of no effect for the want of a particular kind or description of stamp designated for and denoting the tax charged on any such instrument, paper or document provided a legal documentary stamp or stamps denoting a tax of equal amount shall have been duly affixed and used thereon.

Sec. 15. That all bonds, debentures or certificates of indebtedness issued by the officers of the United States Government, or by the officers of any State, county, town, municipal corporation or other corporation exercising the taxing power, shall be, and hereby are, exempt from the stamp taxes required by this Act: Provided, That it is the intent hereby to exempt from the stamp taxes imposed by this Act such State, county, town or other municipal corporations in the exercise only of functions strictly belonging to them in their ordinary governmental, taxing or municipal capacity: Provided further, That stock and bonds issued by co-operative building and loan associations, mutual ditch or irrigating companies, and building and loan associations or companies that make loans only to their shareholders, shall be exempt from the tax herein provided.

Sec. 16. That all the provisions of this Act relating to dies, stamps, adhesive stamps, and stamp taxes shall extend to and include (except where manifestly inapplicable) all the articles or objects enumerated in Schedule B, subject to stamp taxes, and apply to the provisions in relation thereto.

Sec. 17. That on and after December 1 1914, any person, firm, company or corporation that shall make, prepare, and sell, or remove for consumption or sale, perfumery, cosmetics, preparations, compositions, articles, or things upon which a tax is imposed by this Act, as provided for in Schedule B, without affixing thereto an adhesive stamp or label denoting the tax before mentioned shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not more than \$500, or be imprisoned not more than six months, or both, at the discretion of the court.

Sec. 18. That any manufacturer or maker of any of the articles for sale mentioned in Schedule B, after the same shall have been so made, and the particulars hereinbefore required as to stamps have been complied with, or any other person who shall take off, remove, or detach, or cause, or permit or suffer to be taken off, or removed, or detached, any stamp, or who shall use any stamp, or any wrapper or cover to which any stamp is affixed, to cover any other article or commodity than that originally contained in such wrapper or cover, with such stamp when first used, with the intent to evade the stamp duties, shall for every such article, respectively, in respect of which any such offense shall be committed, be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not more than \$500, or be imprisoned not more than six months, or both, at the discretion of the court, and every such article or commodity as aforesaid shall also be forfeited.

Sec. 19. That any maker or manufacturer of any of the articles or commodities mentioned in Schedule B, as aforesaid, or any other person who shall sell, send out, remove, or deliver any article or commodity, manufactured as aforesaid, before the tax thereon shall have been fully paid by affixing thereon the proper stamp, as in this Act provided, or who shall hide or conceal, or cause to be hidden or concealed, or who shall remove or convey away, or deposit, or cause to be removed or conveyed away from or deposited in any place, any such article or commodity, to evade the tax chargeable thereon, or any part thereof, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not more than \$500, or be imprisoned not more than six months, or both, at the discretion of the court, together with the forfeiture of any such article or commodity: Provided, That articles upon which stamp taxes are required by this Act may, when intended for exportation, be manufactured and sold or removed without having stamps affixed thereto, and without being charged with tax as aforesaid; and every manufacturer or maker of any article as aforesaid, intended for exportation, shall give such bonds and be subject to such rules and regulations to protect the revenue against fraud as may be from time to time prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury.

Sec. 20. That every manufacturer or maker of any of the articles or commodities provided for in Schedule B, or his foreman, agent or superintendent shall at the end of each and every month make, sign and file with the collector of internal revenue for the district in which he resides a declaration in writing that no such article or commodity has, during such preceding month or time when the last declaration was made, been removed, or carried, or sent, or caused or suffered or known to have been removed, carried, or sent from the premises of such manufacturer or maker other than such as have been duly taken account of and charged with the stamp tax, on pain of such manufacturer or maker forfeiting for every refusal or neglect to make such declaration \$100; and if any such manufacturer or maker, or his foreman, agent or superintendent, shall make any false or untrue declaration, such manufacturer or maker, or foreman, agent, or superintendent making the same shall be deemed guilty of a misdemeanor, and upon conviction shall pay a fine of not more than \$500, or be imprisoned not more than six months, or both, at the discretion of the court.

Sec. 21. That the stamp taxes prescribed in this Act on the articles provided for in Schedule B shall attach to all such articles and things sold or removed for sale thirty days after the approval of this Act. Every person, except as otherwise provided in this Act, who offers or exposes for sale any article or thing provided for in said Schedule B, whether the article so offered or exposed is of foreign manufacture and imported or of domestic manufacture, shall be deemed the manufacturer thereof, and shall be subject to all the taxes, liabilities and penalties imposed by law for the sale of articles

without the use of the proper stamp denoting the tax paid thereon; and all such articles of foreign manufacture shall, in addition to the import duty imposed on the same, be subject to the stamp tax prescribed in this Act: Provided, further, That internal revenue stamps required by existing law on imported merchandise shall be affixed thereto and canceled at the expense of the owner or importer before the withdrawal of such merchandise for consumption, and the Secretary of the Treasury is authorized to make such rules and regulations as may be necessary for the affixing and canceling of such stamps, not inconsistent herewith.

Sec. 22. That the Commissioner of Internal Revenue shall cause to be prepared and distributed for the payment of the taxes prescribed in this Act suitable stamps denoting the tax on the document, article, or thing to which the same may be affixed, and he is authorized to prescribe such method for the cancellation of said stamps, as substitute for or in addition to the method provided in this Act, as he may deem expedient. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, is authorized to procure any of the stamps provided for in this Act by contract whenever such stamps cannot be speedily prepared by the Bureau of Engraving and Printing; but this authority shall expire on the first day of November 1915, except as to imprinted stamps furnished under contract, authorized by the Commissioner of Internal Revenue. That the adhesive stamps used in the payment of the tax levied in Schedules A and B of this Act shall be furnished for sale by the several collectors of internal revenue, who shall sell and deliver them at their face value to all persons applying for the same, except officers or employees of the Internal Revenue Service: Provided, That such collectors may sell and deliver such stamps in quantities of not less than \$100 of face value, with a discount of 1% except as otherwise provided in this Act.

SCHEDULE A.

Stamp Taxes.

Bonds, debentures or certificates of indebtedness issued on and after the first day of December 1914, by any association, company or corporation, on each \$100 of face value or fraction thereof, 5 cents, and on each original issue, whether on organization or reorganization, of certificates of stock by any such association, company or corporation, on each \$100 of face value or fraction thereof, 5 cents, and on all sales, or agreements to sell, or memoranda of sales or deliveries or transfers of shares or certificates of stock in any association, company or corporation, whether made upon or shown by the books of the association, company or corporation, or by any assignment in blank, or by any delivery, or by any paper or agreement or memorandum or other evidence of transfer or sale, whether entitling the holder in any manner to the benefit of such stock, or to secure the future payment of money or for the future transfer of any stock, on each \$100 of face value or fraction thereof, 2 cents: Provided, That it is not intended by this Act to impose a tax upon an agreement evidencing a deposit of stock certificates as collateral security for money loaned thereon, which stock certificates are not actually sold, nor upon such stock certificates so deposited: Provided, further, That in case of sale where the evidence of transfer is shown only by the books of the company the stamp shall be placed upon such books; and where the change of ownership is by transfer certificate the stamp shall be placed upon the certificate: and in cases of an agreement to sell or where the transfer is by delivery of the certificate assigned in blank there shall be made and delivered by the seller to the buyer a bill or memorandum of such sale, to which the stamp shall be affixed; and every bill or memorandum of sale or agreement to sell before mentioned shall show the date thereof, the name of the seller, the amount of the sale, and the matter or thing to which it refers. And any person or persons liable to pay the tax as herein provided, or any one who acts in the matter as agent or broker for such person or persons, who shall make any such sale, or who shall in pursuance of any such sale deliver any such stock, or evidence of the sale of any such stock or bill or memorandum thereof, as herein required, without having the proper stamps affixed thereto; with intent to evade the foregoing provisions shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not exceeding \$1,000, or be imprisoned not more than six months, or both, at the discretion of the court.

Upon each sale, agreement of sale or agreement to sell, any products or merchandise at any exchange, or board of trade, or other similar place, either for present or future delivery, for each \$100 in value of said sale or agreement of sale or agreement to sell, 1 cent, and for each additional \$100 or fractional part thereof in excess of \$100, 1 cent: Provided, That on every sale or agreement of sale or agreement to sell as aforesaid there shall be made and delivered by the seller to the buyer a bill, memorandum, agreement or other evidence of such sale, agreement of sale or agreement to sell, to which there shall be affixed a lawful stamp or stamps in value equal to the amount of the tax on such sale. And every such bill, memorandum or other evidence of sale or agreement to sell shall show the date thereof, the name of the seller, the amount of the sale and the matter or thing to which it refers; and any person or persons liable to pay the tax as herein provided, or any one who acts in the matter as agent or broker for such person or persons, who shall make any such sale or agreement of sale, or agreement to sell, or who shall, in pursuance of any such sale, agreement of sale, or agreement to sell, deliver any such products or merchandise without a bill, memorandum or other evidence thereof as herein required, or who shall deliver such bill, memorandum or other evidence of sale, or agreement to sell, without having the proper stamps affixed thereto, with intent to evade the foregoing provisions, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall pay a fine of not exceeding \$1,000, or be imprisoned not more than six months, or both, at the discretion of the court. That no bill, memorandum, agreement or other evidence of such sale or agreement of sale, or agreement to sell, in case of products or merchandise actually delivered at the time of sale or while in vessel, boat or car, and actually in course of transportation, shall be subject to this tax, provided such bill, memorandum, agreement or other evidence of such sale, or agreement of sale, or agreement to sell shall be accompanied by bills of lading or vouchers showing that the said products are actually in course of transportation as aforesaid.

Promissory notes, except bank notes issued for circulation, and for each renewal of the same, for a sum not exceeding \$100, 2 cents; and for each additional \$100 or fractional part thereof in excess of \$100, 2 cents.

Express and freight: It shall be the duty of every railroad or steamboat company, carrier, express company, or corporation or person whose occupation is to act as such, to issue to the shipper or consignor, or his agent, or person from whom any goods are accepted for transportation where a charge exceeding 5 cents is made a bill of lading, manifest, or other evidence of receipt and forwarding for each shipment received for carriage and transportation, whether in bulk or in boxes, bales, packages, bundles, or not so inclosed or included; and such shipper, consignor, agent, or person shall duly attach and cancel, as is in this Act provided, to each of said bills of lading, manifests, or other memorandum, a stamp of the value of 1 cent: Provided, That a consignment of newspapers to any one point or to different points by the same train or conveyance when inclosed in one general bundle at the point of shipment shall be considered as one shipment; and, in lieu of a bill of lading therefor, the publisher of such news-

paper shall file on or before the fifteenth day of each month with the collector of internal revenue for the district in which such newspaper is published a report under oath showing the number of such shipments during the preceding months, to which report such publisher shall affix and cancel stamps equal in value to 1 cent for each shipment so reported: Provided further, That the report herein required shall not include shipments of newspapers delivered to points within the county in which the same are published. Any failure to issue such bill of lading, manifest, or other memorandum, as herein provided, shall subject such railroad or steamboat company, carrier, express company or corporation or person to a penalty of \$50 for each offense.

Telegraph and telephone messages: It shall be the duty of every person, firm or corporation owning or operating any telegraph or telephone line or lines to make within thirty days after the expiration of each month a sworn statement to the collector of internal revenue in each of their respective districts, stating the number of dispatches, messages, or conversations originated at each of their respective exchanges, toll stations, or offices, and transmitted thence over their lines during the preceding month for which a charge of 15 cents or more was imposed, and for each of such messages or conversations the said person, firm, or corporation shall collect from the person paying for the message or conversation a tax of 1 cent in addition to the regular charges for the message or conversation, which tax the said person, firm or corporation shall in turn pay to the said collector of internal revenue of their respective districts: Provided, That only one payment of said tax shall be required, notwithstanding the lines of one or more persons, firms or corporations shall be used for the transmission of each of said messages or conversations: Provided further, That the messages or dispatches of the officers and employees of any telegraph or telephone company concerning the affairs and service of the company, and like messages or dispatches of the officials and employees of railroad companies sent over the wires on their respective railroads shall be exempt from this requirement; and provided further, That messages of officers and employees of the Government on official business shall be exempt from the taxes herein imposed upon telegraphic and telephonic messages.

Bond: For indemnifying any person or persons, firm or corporation who shall have become bound or engaged as surety for the payment of any sum of money, or for the due execution or performance of the duties of any office or position, and to account for money received by virtue thereof, and all other bonds of any description, except such as may be required in legal proceedings, not otherwise provided for in this schedule, 50 cents.

Certificate of profits, or any certificate or memorandum showing an interest in the property or accumulations of any association, company or corporation, and on all transfers thereof, on each \$100 of face value or fraction thereof, 2 cents.

Certificate: Any certificate of damage, or otherwise, and all other certificates or documents issued by any port warden, marine surveyor, or other person acting as such, 25 cents.

Certificate of any description required by law not otherwise specified in this Act, 10 cents.

Contract: Broker's note, or memorandum of sale of any goods or merchandise, stocks, bonds, exchange, notes of hand, real estate, or property of any kind or description issued by brokers or persons acting as such, for each note or memorandum of sale, not otherwise provided for in this Act, 10 cents.

Conveyance: Deed, instrument, or writing, whereby any lands, tenements, or other realty sold shall be granted, assigned, transferred or otherwise conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his, her or their direction, when the consideration or value of the interest or property conveyed, exclusive of the value of any lien or encumbrance thereon, exceeds \$100 and does not exceed \$500, 50 cents; and for each additional \$500 or fractional part thereof in excess of \$500, 50 cents: Provided, That nothing contained in this paragraph shall be so construed as to impose a tax upon any instrument or writing given to secure a debt.

Entry of any goods, wares, or merchandise at any custom house, either for consumption or warehousing, not exceeding \$100 in value, 25 cents; exceeding \$100 and not exceeding \$500 in value, 50 cents; exceeding \$500 in value, \$1.

Entry for the withdrawal of any goods or merchandise from customs bonded warehouse, 50 cents.

Insurance: Each policy of insurance or other instrument, by whatever name the same shall be called, by which insurance shall be made or renewed upon property of any description (including rents or profits) whether against peril by sea or on inland waters, or by fire or lightning, or other peril, made by any person, association, or corporation, upon the amount of premium charged, one-half of 1 cent on each dollar or fractional part thereof: Provided, That purely co-operative or mutual fire insurance companies or associations carried on by the members thereof solely for the protection of their own property and not for profit shall be exempted from the tax herein provided: Provided further, That policies of reinsurance shall be exempt from the tax herein imposed by this paragraph.

Each policy of insurance, or bond or obligation of the nature of indemnity for loss, damage, or liability issued, or executed, or renewed by any person, association, company, or corporation, transacting the business of fidelity, employer's liability, plate glass, steam boiler, burglary, elevator, automatic sprinkler, or other branch of insurance (except life, personal accident, and health insurance, and insurance described and taxed or exempted in the preceding paragraph and excepting also workmen's compensation insurance carried on by the members thereof solely for their own protection and not for profit), and each bond undertaking or recognizance, conditioned for the performance of the duties of any office or position, or for the doing or not doing of anything therein specified, or other obligation of the nature of indemnity, and each contract or obligation guaranteeing the validity or legality of bonds or other obligations issued by any State, county, municipal, or other public body or organization, or guaranteeing titles to real estate or mercantile credits executed or guaranteed by any liability, fidelity, guarantee, or surety company upon the amount of premium charged, one-half of 1 cent on each dollar or fractional part thereof.

Passage ticket for each passenger, sold in the United States for passage, by any vessel to a foreign port or place, if costing not exceeding \$30, \$1; costing more than \$30 and not exceeding \$60, \$3; costing more than \$60, \$5: Provided, That such passage tickets, costing \$10 or less, shall be exempt from taxation.

Power of attorney or proxy for voting at any election for officers of any incorporated company or association, except religious, charitable, or literary societies, or public cemeteries, 10 cents.

Power of attorney to sell and convey real estate, or to rent or lease the same, to receive or collect rent, to sell or transfer any stock, bonds, scrip, or for the collection of any dividends or interest thereon, or to perform any and all other acts not hereinbefore specified, 25 cents: Provided, That no stamps shall be required upon any papers necessary to be used for the collection of claims from the United States for pensions, back pay, bounty, or for property lost in the military or naval service.

Protest: Upon the protest of every note, bill of exchange, acceptance, check or draft, or any marine protest, whether protested by a notary public

or by any other officer who may be authorized by the law of any State or States to make such protest, 25 cents.

Every seat sold in a palace or parlor car and every berth sold in a sleeping car, 1 cent, to be paid by the company selling the same.

Schedule B.

Perfumery and cosmetics and other similar articles: For and upon every packet, box, bottle, pot, phial or other inclosure containing any essence, extract, toilet water, cosmetic, vaseline, petrolatum, hair oil, pomade, hair dressing, hair restorative, hair dye, tooth wash, dentifrice, tooth paste, aromatic cachous, or any similar substance or article, by whatsoever name the same heretofore have been, now are, or may hereafter be called, known, or distinguished, used, or applied, as perfumes, or as cosmetics, and sold or removed for consumption and sale in the United States, where such packet, box, bottle, pot, phial, or other inclosure, with its contents, shall not exceed at the retail price or value the sum of 5 cents, one-eighth of 1 cent.

Where such packet, box, bottle, pot, phial, or other inclosure, with its contents, shall exceed the retail price or value of 5 cents, and shall not exceed the retail price or value of 10 cents, two-eighths of 1 cent.

Where such packet, box, bottle, pot, phial, or other inclosure, with its contents, shall exceed the retail price or value of 10 cents and shall not exceed the retail price or value of 15 cents, three-eighths of 1 cent.

Where such packet, box, bottle, pot, phial, or other inclosure, with its contents, shall exceed the retail price or value of 15 cents and shall not exceed the retail price or value of 25 cents, five-eighths of 1 cent. And for each additional 25 cents of retail price or value or fractional part thereof in excess of 25 cents, five-eighths of 1 cent.

Chewing gum or substitutes therefor: For and upon each box, carton, jar, or other package containing chewing gum of not more than \$1 of actual retail value, 4 cents; if exceeding \$1 of retail value, for each additional dollar or fractional part thereof, 4 cents; under such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may prescribe.

That all articles and preparations provided for in this schedule which are in the hands of manufacturers or of wholesale or retail dealers on and after December first, nineteen hundred and fourteen, shall be subject to the payment of the stamp taxes herein provided for, but it shall be deemed a compliance with this Act as to such articles on hand in the hands of wholesale or retail dealers as aforesaid who are not the manufacturers thereof to affix the proper adhesive tax stamp at the time the packet, box, bottle, pot, or phial, or other inclosure with its contents is sold at retail.

There shall be an allowance of drawback on articles mentioned in Schedule B of this Act on which any internal revenue tax shall have been paid, equal in amount to the stamp tax paid thereon, and no more, when exported, to be paid by the warrant of the Secretary of the Treasury on the Treasurer of the United States, out of any money arising from internal taxes not otherwise appropriated: Provided, That no allowance of drawback shall be made for any such articles exported prior to the date this Act becomes effective. The evidence that any such tax has been paid as aforesaid shall be furnished to the satisfaction of the Commissioner of Internal Revenue by the person claiming the allowance of drawback, and the amount shall be ascertained under such regulations as shall be prescribed from time to time by said commissioner, with the approval of the Secretary of the Treasury.

Sec. 23. That all administrative, special, or stamp provisions of law, including the law relating to the assessment of taxes, so far as applicable, are hereby extended to and made a part of this Act, and every person, firm, company, corporation, or association liable to any tax imposed by this Act, or for the collection thereof, shall keep such records and render, under oath, such statements and returns, and shall comply with such regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may from time to time prescribe, and every such person, firm, company, corporation, or association who evades or attempts to evade any of the taxes imposed by this Act, or shall fail to truly account for and pay all taxes collected by them under this Act, or any regulations issued thereunder, shall be subject to a penalty of double the amount of the taxes evaded or attempted to be evaded or unlawfully withheld, to be assessed and collected as other penalties incurred under internal-revenue laws are assessed and collected; and for the expense connected with the assessment and collection of the taxes provided by this Act there is hereby appropriated \$200,000, or so much thereof as may be required, out of any money in the Treasury not otherwise appropriated; \$170,000 to be added to and made a part of the appropriations for "salaries and expenses of collection of internal revenue, nineteen hundred and fifteen; and \$30,000 to the appropriation for paper for internal revenue stamps, nineteen hundred and fifteen."

Sec. 24. That the provisions of this Act shall take effect on the day next succeeding the date of its passage, except where otherwise expressly provided: Provided, That on the day after the thirty-first day of December, nineteen hundred and fifteen, the taxes levied under this Act shall no longer be levied and collected, but all taxes arising or accruing before said date shall continue to be collectible under the terms of this Act: Provided, however, That on and after the first day of January, nineteen hundred and sixteen, the provisions of section thirty-three hundred and thirty-nine of the Revised Statutes, as amended by an Act approved April twelfth, nineteen hundred and two, imposing a tax on fermented liquors shall not be affected by any limitations as to the levying or collecting of the additional tax imposed by this Act on such fermented liquors, but shall then be in full force and effect on and after the said first day of January, nineteen hundred and sixteen. All stamps provided for in this Act unused after the aforesaid date shall be redeemed from the holder thereof, under such rules as the Secretary of the Treasury may prescribe.

INCIDENTS OF THE SITUATION.

A falling off in the applications for emergency currency is reported this week by the "Journal of Commerce"; under date of the 22d inst. it stated:

To the opening of business this morning the Comptroller had approved and shipped to banks \$359,215,770 of emergency currency as authorized under the Aldrich-Vreeland Currency Act. When the applications first began coming in, the amounts asked for daily would exceed \$4,000,000. Last week the daily amounts asked for did not greatly exceed \$1,000,000. On Monday last the Comptroller approved and shipped but a little over \$760,000; on Tuesday but a little over \$800,000 was shipped, and on Wednesday not much more than \$700,000 emergency currency was shipped. Owing to the fact that much commercial paper put up by the banks taking out this currency is beginning to fall due, an exceedingly large number

of applications is being received for the substitution of new commercial paper.

The banks participating in the New York City \$100,000,000 loan on Thursday (Oct. 22) paid another instalment at the offices of J. P. Morgan & Co. The call amounted to \$5,333,715, and of this amount \$4,197,165 was paid in gold and \$1,136,550 was provided in exchange. The actual amount of gold withdrawn from the Sub-Treasury for shipment to Canada in connection with the transaction was \$4,200,000.

Up to the present time \$33,080,515 of the New York City obligations maturing in Europe have been provided for through payments by the banks to J. P. Morgan & Co. and shipments of gold by the firm mentioned to Ottawa. The amount of each call and the proportion paid in exchange, gold and checks are set out in the following:

Date—	Call.	Exchange.	Gold.	Checks.
September 16.....	\$8,257,400	\$1,581,620	\$6,675,780	-----
September 18.....	2,677,545	-----	-----	\$2,677,545
September 23.....	4,327,300	767,795	3,159,175	400,330
October 8.....	4,805,705	1,067,700	3,715,550	22,454
October 15.....	7,678,850	1,634,315	6,044,535	-----
October 22.....	5,333,715	1,136,550	4,197,165	-----
Total.....	\$33,080,515	\$6,187,930	\$23,792,205	\$3,100,329

The \$2,677,545 payment on Sept. 18 represented bills due in Paris which were paid direct by check, the transaction in this manner resulting in a considerable saving in interest charges to the city.

The city's obligations abroad are now provided for up to Nov. 18. During the remainder of November, the maturities amount to about \$26,500,000, while in December the total will be around \$13,000,000 as follows

Month—	Amount.	Month—	Amount.
November 21.....	\$400,000	December 4.....	\$125,000
November 23.....	225,000	December 10.....	100,000
November 24.....	610,000	December 15.....	320,000
November 25.....	875,000	December 17.....	150,000
November 27.....	990,000	December 22.....	290,000
November 30.....	2,250,000	December 24.....	200,000
		December 28.....	975,000
		December 29.....	180,000
		December 30.....	265,000
Total.....	\$5,350,000	Total.....	\$2,605,000

In an effort to ascertain on behalf of the Treasury Department the amount of American securities held abroad, W. H. Osborn, Commissioner of Internal Revenue, has addressed an inquiry to banks and private firms engaged in a banking business in which information as follows is requested:

Amount of interest coupons received directly from abroad for collection, maturing from March 5 1914 to Sept. 5.

Face value of bonds or other obligations upon which the interest accrued.

Amount of coupons for which the bankers made remittances abroad by drafts on foreign countries.

Amount of collections paid out to local bankers upon drafts drawn in foreign countries against collections, and presented by local parties.

Amount of dividends collected, on stocks owned and held in the names of residents of foreign countries, whether aliens or non-resident Americans.

Approximate value, as of July 31, of stocks upon which dividends were paid.

Amount of dividends remitted by drafts on foreign countries.

Amount of dividends paid to local bankers on drafts drawn in foreign countries.

Amount of interest collected on bonds, stocks or other obligations held by the bankers for residents of foreign countries.

Approximate value of stocks upon which dividends were collected.

The Commissioner also asks for an expression of opinion of the probable value of American securities held in Europe at this time. It is stated that Commissioner Osborn intends to make public only the aggregate amount of foreign holdings.

The Committee on Unlisted Stocks permitted trading this week in some of the Standard Oil stocks at a reduction in the minimum prices amounting in some cases to 5 points.

Anent the reopening of the Chicago Stock Exchange the following is from the Chicago "Herald" of Oct. 20:

Efforts to open the Chicago Stock Exchange early in November are making some progress, and it is expected that the matter will be discussed at length by the Governing Committee of the Exchange at its regular monthly meeting to-morrow. [Dispatches state that owing to the inability to secure a quorum there was no meeting on Oct. 21.—Ed.]

Members of the Governing Board have been sounding the bankers on the subject the last few days, and it is known that while the latter do not encourage a wide-open market in securities at this time, they do not discourage open trading with certain restrictions to begin with. The banks are not ready yet to lend money on securities, but this would not prevent the Exchange opening for cash dealings and to add broader trading as rapidly as conditions will permit.

"We are working out plans for opening the Exchange," said President Frederick C. Aldrich of the Chicago Stock Exchange yesterday, "and it may be said that while no definite arrangements have been made, we are not meeting with opposition in any quarter."

The plan as outlined for reopening the Exchange is to trade in all regularly listed issues at open prices, excepting several stocks and bonds that are also listed in New York. The latter will be held to the July 30 closing figure long as that rule is held on the Eastern exchange.

Regarding the reopening of the San Francisco Stock and Bond Exchange an official communication from Harry

Schwartz, Secretary of the Exchange, states that "our Exchange is not formally open; the transactions as published are informal trades between members passed upon by our Executive Committee." He further states that the Exchange does not issue printed lists but that the sales as reported are correct. Publication of transactions were begun on Aug. 26 and a complete list of the sales to and including Oct. 2 were reported in our issue of Oct. 10, page 1039.

The partial resumption of trading on the Toronto Stock Exchange on Oct. 15 was effective under rules embodied in a statement made by W. R. Houston, Secretary of the Exchange as follows:

Buying orders must be for cash and selling orders can only be filled by members covering securities now carried on their books with the object of strengthening accounts not sufficiently margined.

Until further notice only securities common to this market and the New York market will be admitted to trading at the minimum prices prevailing in New York.

The stocks in which trading will be allowed are as follows: Canadian Pacific Ry., Twin City Rapid Transit, Mackay Cos. com. and pref. Duluth-Superior Traction, Duluth South Shore & Atlantic Ry. com. and pref., Detroit United Ry. and Minn. St. Paul & S. M. Ry. com.

The following mining stocks may also be traded in but the above restrictions do not apply: Coniagas, Crown Reserve, Hollinger, La Rose, Nipissing, Tretheway.

The Committee of the Montreal Stock Exchange decided on Oct. 15 to issue an official notice to members sanctioning trades at the closing prices of July 28 for cash only. The Montreal "Gazette" makes the following statement in the matter:

In effect, this system of cash business has been in operation for a month or so and has permitted the members to shift a certain amount of weak stock into strong hands. But no official announcement relating to public business of any kind has as yet been made by the Exchange. The Exchange now believes that a certain amount of cash buying by the public may be expected and proposes to formulate regulations governing such business. Officially, it will be the first step towards creating a market here, and it is a very modest step in view of the fact that both London and New York are now sanctioning business in certain securities at price concessions after a month or so of trading on the lines now to be adopted here.

The circular issued to members of the Exchange is as follows:

Members of the Exchange desiring to buy securities for cash may send a list of same to the committee, two members of which will be in the committee room daily, Saturdays excepted, from 11 to 12 noon.

No offers to buy at less than the closing prices, as per enclosed list, will be considered.

Members of the Exchange desiring to sell securities, but only in order to relieve the necessities of themselves or their clients, may send a list of same to the committee. No prices less than specified on the enclosed list will be considered.

All orders sent in will be considered good until canceled in writing.

The official list of minimum prices at which transactions may be submitted to the committee is as follows:

Stocks.	Price.	Stocks (Concl.)—	Price	Bonds (Concl.)—	Price
Ames Holden.....	9½	Montreal L H & P.....	211	Can Converters 6s	82
Do pref.....	55	Mont' Cot'ns Ltd 51		Can Rubber 6s.....	90
Bell Telephone.....	140	Do pref.....	99	Can Loco 6s.....	91
B. C. Packers.....	100	Mont' Loan & M 165		Com Cable 4s.....	79½
Brazilian T L & P 54		Montreal Teleg.....	136	Dominion Coal 5s 100	
Calgary Power.....	59	Montreal Tramw.....	220	Dom Cotton 6s.....	101
Canada Car.....	50	Do debentures 81½		Dom Canners 6s.....	93
Do pref.....	93	Nat Breweries.....	49½	Dom Iron & St 5s.....	89½
Canadian Cement 28		Do pref.....	55	Dom Textile A 6s.....	99
Do pref.....	90½	Nipissing.....	550	Do B 6s.....	100½
Canadian Cottons 25		Nor Ohio.....	73	Do C 6s.....	99
Do pref.....	71	Nov Sco Steel & C 45½		Do D 6s.....	100
Canada Converters 34		Do pref.....	110	Kaministiquia 5s.....	99
Can Con Rubber 61		Ogilvie Milling.....	107	Keewatin Mill 6s.....	100
Do pref.....	97	Do pref.....	113	Lake of Woods 6s.....	102½
Can Fairbanks pf. 92		Ottawa L H & P.....	120	Laur'ide Paper 6s 105½	
Can Gen Electric. 92		Paton Mfg Co.....	65	Lyall Cons Co 6s.....	88
Canadian Pacific. 155		Penmans.....	40	Mex Electric 5s.....	79½
Can Locomotive. 53		Do pref.....	82	Mex L H & P 5s.....	88
Do pref.....	91½	Penn Water & Pow 73		Mont L H & P 4½s 97½	
Can SS Lines.....	10	Porto Rico.....	46	Mont Tram 5s.....	99½
Do pref.....	59	Price Bros.....	60	Mont St Ry 4½s.....	100
Crown Reserve.....	1.10	Quebec Ry L H & P 10½		Nat Breweries 6s.....	102
Det United Ry.....	62½	Rich & Ont Nav.....	75	NSS Steel & Coal 5s.....	87
Dominion Bridge. 107		Russell Motor Car 32½		Ogilvie Milling 6s.....	110
Dom Canners.....	31	Sawyer Massey.....	49	Do Series B 5s.....	104
Do pref.....	85	Do pref.....	85½	Do Series C 6s.....	102½
Dom Coal pref.....	98	Smart Woods Ltd 20		Penmans Ltd 5s.....	60
Dom Iron pref.....	72	Shawinigan.....	110	Porto Rico 5s.....	85½
Dom Steel Corp.....	20	Sherwin Williams. 55		Price Bros 5s.....	78
Dominion Park.....	120	Do pref.....	99	Quebec Ry 5s.....	48½
Dominion Textile 64		Spanish River.....	9	Rio de Janeiro 5s.....	96
Do pref.....	101	Do pref.....	35	Riordan Paper 6s.....	96
Dominion Trust.....	107	Steel Co of Canada 11		Sherwin Williams 6s.....	90½
Duluth Superior.....	62	Do pref.....	73	Spanish River 6s.....	75
Gould Mfg Co.....	90	Toronto Railway. 111½		Steel of Can 6s.....	91
Do pref.....	90	Tooke Bros.....	16	W Can Pow 5s.....	75
Goodwins Ltd.....	26	Do pref.....	75	W Kootenay 6s.....	105
Do pref.....	75	Tuckett's Tobacco 29		Winnipeg Elec 5s.....	102
Halifax Elec Ry.....	160	Do pref.....	90	Winnipeg St Ry 5s.....	99
Hillcrest Collieries 24		Twin City.....	95	Wind'r Hotel 4½s.....	98
Do pref.....	70	W Kootenay P & L 91			
Hollinger Gold M 17.90		Do pref.....	102	Banks.	
Illinois Traction.....	61	Winnipeg Ry.....	180	Commerce.....	203
Do pref.....	91	Windsor Hotel.....	100	Hochelaga.....	149
Kaministiquia.....	121			Merchants.....	177
Laurentide.....	160			Molson.....	201
Lake of Woods.....	129			Montreal.....	234
Do pref.....	120			Nationale.....	132½
MacDonald Co.....	9			Nova Scotia.....	261
Mackay.....	59½			Ottawa.....	207
Do pref.....	51			Quebec.....	119
Mexican Lt & P.....	46			Royal.....	221½
Minn & St Paul.....	101			Toronto.....	211
				Union.....	140

We give below the proclamation issued by King George on Sept. 9 prohibiting British subjects from trading or having any commercial or financial transactions with those residing or carrying on business in the German Empire or Austria-

Hungary; this proclamation takes the place of that of Aug. 5, published in our issue of Sept. 5, page 655:

BY THE KING.

A PROCLAMATION RELATING TO TRADING WITH THE ENEMY

Whereas, a state of war has existed between us and the German Empire as from 11 p. m. on 4th August 1914, and a state of war has existed between us and the Dual Monarchy of Austria-Hungary as from midnight on 12th August 1914;

And Whereas, it is contrary to law for any person resident, carrying on business or being in our Dominions, to trade or have any commercial or financial transactions with any person resident or carrying on business in the German Empire or Austria-Hungary without our permission;

And Whereas, by our Proclamation of the 5th August 1914, relating to trading with the enemy, certain classes of transactions with the German Empire were prohibited;

And Whereas, by paragraph 2 of our Proclamation of the 12th August 1914 the said Proclamation of the 5th August 1914 was declared to be applicable to Austria-Hungary;

And Whereas, it is desirable to re-state and extend the prohibitions contained in the former Proclamation, and for that purpose to revoke the Proclamation of the 5th August 1914 and paragraph 2 of the Proclamation of the 12th August 1914 and to substitute this Proclamation therefor;

And Whereas, it is expedient and necessary to warn all persons resident, carrying on business or being in our Dominions of their duties and obligations towards us, our Crown, and Government—

Now, Therefore, we have thought fit, by and with the advice of our Privy Council, to issue this our Royal Proclamation declaring and it is hereby declared as follows:

1. The aforesaid Proclamation of the 5th August 1914 relating to Trading with the Enemy, and paragraph 2 of the aforesaid Proclamation of the 12th August 1914, together with any public announcement officially issued in explanation thereof, are hereby, as from date hereof, revoked, and from and after the date hereof this present Proclamation is substituted therefor.

2. The expression "enemy country" in this Proclamation means the territories of the German Empire and of the Dual Monarchy of Austria-Hungary, together with all the colonies and dependencies thereof.

3. The expression "enemy" in this Proclamation means any person or body of persons of whatever nationality resident or carrying on business in the enemy country, but does not include persons of enemy nationality who are neither resident nor carrying on business in the enemy country. In the case of incorporated bodies, enemy character attaches only to those incorporated in an enemy country.

4. The expression "outbreak of war" in this Proclamation means 11 p.m. on the 4th August 1914 in relation to the German Empire, its colonies and dependencies, and midnight on the 12th August 1914 in relation to Austria-Hungary, its colonies and dependencies.

5. From and after the date of this Proclamation the following prohibitions shall have effect (save so far as licenses may be issued as hereinafter provided), and we do hereby accordingly warn all persons resident carrying on business or being in our Dominions—

- (1) Not to pay any sum of money to or for the benefit of an enemy.
- (2) Not to compromise or give security for the payment of any debt or other sum of money with or for the benefit of an enemy.
- (3) Not to act on behalf of an enemy in drawing, accepting, paying, presenting for acceptance or payment, negotiating or otherwise dealing with any negotiable instrument.
- (4) Not to accept, pay or otherwise deal with any negotiable instrument which is held by or on behalf of an enemy, provided that this prohibition shall not be deemed to be infringed by any person who has no reasonable ground for believing that the instrument is held by or on behalf of an enemy.
- (5) Not to enter into any new transaction or complete any transaction already entered into with an enemy in any stocks, shares or other securities.
- (6) Not to make or enter into any new marine, life, fire or other policy or contract of insurance with or for the benefit of an enemy; nor to accept or give effect to any insurance of, any risk arising under any policy or contract of insurance (including re-insurance) made or entered into with or for the benefit of an enemy before the outbreak of war.
- (7) Not directly or indirectly to supply to or for the use or benefit of, or obtain from, an enemy country or an enemy, any goods, wares or merchandise, nor directly or indirectly to supply to or for the use or benefit of, or obtain from any person any goods, wares or merchandise, for or by way of transmission to or from an enemy country or an enemy, nor directly or indirectly to trade in or carry any goods, wares or merchandise destined for or coming from an enemy country or an enemy.
- (8) Not to permit any British ship to leave for, enter or communicate with, any port or place in an enemy country.
- (9) Not to enter into any commercial, financial or other contract or obligation with or for the benefit of an enemy.
- (10) Not to enter into any transactions with an enemy if and when they are prohibited by an order in Council made and published on the recommendation of a Secretary of State, even though they would otherwise be permitted by law or by this or any other Proclamation.

And we do hereby further warn all persons that whoever in contravention of the law shall commit, aid or abet any of the aforesaid Acts, is guilty of a crime, and will be liable to punishment and penalties accordingly.

6. Provided always that where an enemy has a branch locally situated in British, allied or neutral territory, not being neutral territory in Europe, transactions by or with such branch shall not be treated as transactions by or with an enemy.

7. Nothing in this Proclamation shall be deemed to prohibit payments by or on account of enemies to persons resident, carrying on business or being in our Dominions, if such payments arise out of transactions entered into before the outbreak of war or otherwise permitted.

8. Nothing in this Proclamation shall be taken to prohibit anything which shall be expressly permitted by our license, or by the license given on our behalf by a Secretary of State, or the Board of Trade, whether such licenses be especially granted to individuals or be announced as applying to classes of persons.

9. This Proclamation shall be called the Trading with the Enemy Proclamation, No. 2.

Given at our Court at Buckingham Palace, this ninth day of September in the year of our Lord one thousand nine hundred and fourteen, and in the fifth year of our Reign.

The following amendment to the above was proclaimed on Oct. 8:

BY THE KING.

A PROCLAMATION RELATING TO TRADING WITH THE ENEMY.

Whereas, It is desirable to amend our proclamation of the 9th of September 1914, called "The Trading with the Enemy Proclamation, No. 2"—

Now, Therefore, We have thought fit, by and with the advice of our Privy Council, to issue this our Royal Proclamation declaring and it is hereby declared as follows:

1. Paragraph 5, heading (6), of the Trading with the Enemy Proclamation, No. 2, is hereby revoked, and in lieu thereof the following heading shall be inserted in the said paragraph 5 as from the date hereof: (6), "Not to make or enter into any new marine, life or other policy or contract of insurance (including re-insurance) with or for the benefit of an enemy; nor to accept from, or give effect to any insurance of, any risk arising under any policy or contract of insurance (including re-insurance) made or entered into with or for the benefit of the enemy before the outbreak of war; and in particular as regards treaties or contracts of re-insurance current at the outbreak of war to which an enemy is a party or in which an enemy is interested not to cede to the enemy or to accept from the enemy under any such treaty or contract any risk arising under any policy or contract of insurance (including re-insurance) made or entered into after the outbreak of war, or any share in any such risk."

2. (1) The expression "Order in Council made and published on the recommendation of a Secretary of State" in paragraph 5, heading (10), of the Trading with the Enemy Proclamation, No. 2, shall, as regards persons resident or carrying on business or being in our dominions beyond the seas be taken to mean an order of the Governor in Council published in the official Gazette.

(2). The expression "Governor in Council" in this paragraph means, as respects Canada the Governor General of Canada in Council, as respects India the Governor General of India in Council, as respects Australia the Governor General of Australia in Council, as respects New Zealand the Governor of New Zealand in Council, as respects the Union of South Africa the Governor General of the Union of South Africa in Council, as respects Newfoundland the Governor of Newfoundland in Council, and as respects any other British possession the Governor of that possession in Council.

3. The power to grant licenses on our behalf vested by paragraph 8 of the Trading with the Enemy Proclamation, No. 2, in a Secretary of State may be exercised in Canada, India, Australia, and the Union of South Africa by the Governor General, and in any other British Possession not included within the limits of Canada, India, Australia or South Africa by the Governor.

4. In this Proclamation the expression "Governor General" includes any person who for the time being has the powers of the Governor General, and the expression "Governor" includes the officer for the time being administering the Government.

5. Notwithstanding anything contained in paragraph 6 of the Trading with the Enemy Proclamation, No. 2, where an enemy has a branch locally situated in British, allied or neutral territory, which carries on the business of insurance or re-insurance of whatever nature, transactions by or with such branch in respect of the business of insurance or re-insurance shall be considered as transactions by or with any enemy.

6. This Proclamation shall be read as one with the Trading with the Enemy Proclamation, No. 2.

Given at our Court at Buckingham Palace this 8th day of October, in the year of Our Lord 1914, and in the fifth year of our reign.

From the "Boston News Bureau" we take the following:

An official of one of New York's largest banks says: "An event has recently occurred in South America which in its broadest aspect may be called epoch-making. Recently, in paying for a hide shipment purchased in Argentina, the seller asked for bills drawn on New York in dollars instead of on London in pounds. This is the first time in the history of Argentina that American exchange has been accepted in payment of an American purchase. I believe it to be the forerunner of greater things to come. It means direct intercourse between the United States and Canada and South America, with New York the great money clearing house of the Western Hemisphere. It is just in this quiet, unostentatious way that some of the great turning-points of economic history have been written."

Details of the recent decrees of the French Cabinet appeared in the "Journal of Commerce" of the 10th inst., and we take therefrom the following:

The feature of this week's Cabinet Council (Sept. 30) held at Bordeaux was the passing of decrees affecting the national finance. A proposal was submitted by M. Ribot for settling the question of rents, which fall due Oct. 15. The great majority, so far as Paris is concerned, are rents paid quarterly in advance, and, it is argued, that, in view of the heavy loss which the war is causing to most citizens, it is not fair that the landlords should alone escape the added burden. Already small rents, those under £40 per annum, have been adjourned sine die. Now it is decreed that the others may be changed from payment in advance to payment at end of term by simple notification to the landlord. There are, of course, special privileges for householders serving with the colors. In the ordinary case the advance quarter, due on Oct. 15, need not be paid until Jan. 15, but, at the same time, there is a drawback to the general application of this. For instance, in the case of a householder without a lease, he may, if he does not now pay his rent as usual, be served with notice to leave, in many instances an undesirable thing in the city of Paris, where there are more seekers after central flats than accommodation for them. Germans and Austrians are specifically excluded from all such decrees.

It was further decreed, upon the proposal of the Prime Minister, seconded by the Ministers of Justice and Commerce, that all contracts between French subjects and those of the enemy shall be void as regards contracts passed with Germans since August 4 and with Austrians since August 13, such contracts being considered as opposed to the public weal. Contracts concluded prior to these dates are suspended during the time of the war if a commencement of execution has already been made, but if not they can be canceled under order of the High Court.

M. Ribot laid before the Cabinet a decree, which was duly passed, relative to the continuation over the month of October of commercial commitments and the payment in full of bank balances. The conditions laid down in the decree of August 29 are in general maintained, but are amended in certain points so as to prepare for a return to normal conditions, which is the chief aim of the Government. The right of withdrawal from banks has been heretofore limited to one-fifth; it may now be raised to a quarter or two-thirds, according to circumstances. There is an extension of privileged cases. For instance, in the case of pensions due to former employees, a limit of 100 francs per beneficiary is legally allowed to be withdrawn from the payer's bank account. Facilities have been given for persons desirous of clearing up indebtedness which the creditor either cannot or does not seek to collect, to do so by paying in the sum to his credit at the Banque de France.

As regards the Bourse settlement of July 31, this is again postponed in respect of all transactions registered before August 4. Interest at the rate of 5% per annum accrues upon all commitments carried over.

M. Ribot has invited the Banque de France and the leading financial institutions to concert together with a view to ending, as far as may be possible, the disorganization of the foreign exchange markets.

With regard to the proposals of the French trade protection syndicates, the "Journal of Commerce" says:

A meeting has been held of the presidents of the various trade protection syndicates to consider what measures can be taken to encourage a general resumption of business, and the following resolution was passed and forwarded to the Government: "The Chambres Syndicales of France unanimously call upon the Government to embody the following points in the modification of the moratorium now in course of preparation: (1) That deposits in banks be placed without delay, and entirely at the disposition of their owners; (2) that special and sufficient funds be created in conjunction with the Banque de France to permit of a resumption of discounting of commercial paper on generous lines, advances upon securities, and even of overdrafts in legitimate and sound cases, so as to allow merchants and manufacturers to resume and extend their operations; (3) that payment of rent be suspended for the duration of the war and that the declaration of inability to pay required of the tenant under the moratorium of September 1 be suppressed; (4) that notice to quit by landlords be likewise annulled."

A statement with regard to the operation of the German and Austrian banks in London recently issued by Sir William Plender of the firm of Deloitte, Plender, Griffiths & Co., the Comptroller appointed by the British Treasury, says:

On August 10 licenses were issued by the Home Secretary to the British establishments of the Deutsche Bank, the Dresdner Bank and the Direction der Disconto-Gesellschaft, and on August 13 licenses were also issued to the British establishments of the Oesterreichische Laender Bank and the Anglo-Austrian Bank for carrying on banking business in this country, subject to certain restrictions specified in the licenses.

Owing to the form of such licenses doubt has arisen as to the range of the liabilities of the British establishments of the banks, and as a result the Home Secretary has caused amending licenses to be issued to each of the banks, dated September 19, the effect of which is that no liabilities will be recognized by the London branches of the banks except such as, in the opinion of the Comptroller, arise out of transactions which have been entered into by or on behalf of these branches, originated with or arise out of transactions with the head offices or other branches which are not liabilities of the London branches.

The Comptroller has absolute discretion to refuse to admit any payment which may appear to him to be contrary to the interests of the nation; to permit any such new transactions as are, in his opinion, necessary or desirable for the purpose of the completion of transactions referred to in paragraph 1 of the licenses; and to permit or to refuse to permit the completion of any particular transaction whatsoever.

The business to be transacted under the license is limited to such operations as may be necessary for making the realizable assets of the banks available for meeting their liabilities and for discharging these liabilities as far as may be practicable.

The resumption of business, though limited to the completion of transactions entered into before the declaration of war presents many difficulties, in some of the banks the assets, if collected, would appear to be approximately sufficient to meet the liabilities to be discharged under the terms of the amended licenses above referred to. But immediate payment in full of liabilities which have actually matured might operate harshly against other creditors whose claims are not yet payable, and the obstacles in collecting money from foreign countries might, and probably would, delay settlement with such other creditors. Uniformity in treatment is essential.

In the case of certain of the banks there is a shortage between the assets which are available here for collection and the liabilities by reason of the fact that the head office is a debt to London. This does not imply that creditors may not receive payment in full at a future time, as the head office would, after the declaration of peace, remain answerable for liabilities which were not capable of being discharged out of the assets under the immediate control of the London establishments.

The question of making a distribution on account (other than to alien enemies) is receiving very serious consideration, and all efforts are being concentrated to secure its accomplishment. The proportion of assets to liabilities differs in the case of each bank and distributions when made cannot be on the same scale.

The difficulties in securing collections are mainly due to the fact that debts due to the banks from persons and institutions in neutral countries on the Continent and in North and South America are not capable of speedy realization because of the moratorium which exists in many of these countries, and also on account of the interruptions (now being remedied) the foreign exchanges; securities are not readily marketable; and loans have not been repaid as the borrowers, in many cases, plead the moratorium.

Holders of checks issued by customers of the banks and holders of domiciled bills accepted by customers cannot be regarded as creditors.

BANKING, FINANCIAL AND LEGISLATIVE NEWS.

Accompanying this issue of the "Chronicle" our subscribers throughout the world will receive a copy of our "Bankers' Convention Supplement," giving a detailed report of all the proceedings, addresses, &c., of the Richmond 1914 meeting of the American Bankers' Association held last week.

A New York Stock Exchange membership was posted for transfer this week, the consideration being \$34,000. The last transfer of a membership was in August for \$42,000.

A New York Cotton Exchange membership was sold this week, (Oct. 20) for \$7,000. The last previous transaction was at \$12,000 on July 18.

A New York Produce Exchange membership was sold this week (Oct. 22), the consideration being \$400, comparing with \$425 in July 1914. Quotations are 375 bid, 425 asked. The original membership was 3,000 but purchases by the Exchange have reduced the number to 1,900 at the present time—1,650 participating in the gratuity fund, 50 non-participants and 200 associate members.

A Philadelphia Stock Exchange membership was reported sold for \$3,100, the first transaction, excepting transfers

between members of a firm, since July 20, when a sale was effected for \$4,000. Secretary Horace H. Lee is reported as saying that there were two bids for seats at \$3,000 and one at \$2,500.

A statement issued by George W. Perkins to the effect that he favors Federal or State control of the Stock Exchange has attracted attention this week. Mr. Perkins is quoted as saying:

The Stock Exchange has ceased to be a private or even a national concern. It is international—the greatest market of the world. The attacks made upon it in recent years have shaken public confidence and seriously injured business. The only way to restore that confidence is to place the Exchange under control. Now is the time to do it and steps to that end should be taken immediately.

Personally I would like to see it under Federal supervision, but if we are not ready to go that far, the State should do it. In place of this being a handicap to the Exchange it would be a great benefit and a distinct advantage and protection to purchasers of securities.

As for any talk about the Stock Exchange not being a necessity because we have got along for a couple of months without it, that is sheer nonsense. The Stock Exchange is as much a necessity as the banks. We could live without either—but how would we live?

One of the Governors of the Exchange approached in the matter would make no comment on the above other than to state that "there are only three people to-day, so far as I know, who advocate the incorporation of the New York Stock Exchange—Sulzer, Perkins and Untermeyer." Mr. Untermeyer, commenting upon this, later in the week, took exception to it and declared that his bill for the Federal regulation of stock exchanges "had the unanimous support and was urged by ten of the eleven members of the Pujo Committee, including the seven Democratic members and three of the four Republicans, and that the Owen bill (the same bill) was supported by five of the seven Democrats of the Senate Banking and Currency Committee, including the Chairman."

According to figures made public on the 22d by the Secretary of the Treasury, 357,598 returns were made under the Income Tax law during the fiscal year just ended. The estimates on which Congress did much of its work on the Act gave a total of 425,000 taxable incomes. These estimates did not include incomes between \$3,000 and \$4,000. According to the statement, 79,426 returns were made on incomes between these limits, so that the total discrepancy between the estimates and the returns is 146,828. The Internal Revenue Bureau, months ago, announced that it had begun a campaign to detect the dodgers. This campaign has been pushed vigorously, and it was understood to-night that results might be forthcoming soon. There is little doubt that every effort will be made to catch up with violators, for, as a revenue-producer, the law has fallen considerably below expectations, turning in about \$28,000,000 for the payable ten months of last year, instead of about \$45,000,000, as had been expected.

The following total has been issued showing the total number of income tax returns filed during the fiscal year of 1914, classified according to the amount of net income shown on the returns:

Classification—	No. Returns.
\$2,500 00 to \$3,333 33.....	79,426
3,333 33 to 5,000 00.....	114,484
5,000 00 to 10,000 00.....	101,718
10,000 00 to 15,000 00.....	26,818
15,000 00 to 20,000 00.....	11,977
20,000 00 to 25,000 00.....	6,817
25,000 00 to 30,000 00.....	4,164
30,000 00 to 40,000 00.....	4,553
40,000 00 to 50,000 00.....	2,427
50,000 00 to 75,000 00.....	2,618
75,000 00 to 100,000 00.....	998
100,000 00 to 150,000 00.....	785
150,000 00 to 200,000 00.....	311
200,000 00 to 250,000 00.....	145
250,000 00 to 300,000 00.....	94
300,000 00 to 400,000 00.....	84
400,000 00 to 500,000 00.....	44
500,000 00 to 1,000,000 00.....	91
1,000,000 00 and over.....	44
Total.....	357,598
Married *.....	278,835
Single men.....	55,212
" women.....	23,551
	357,598

* Married women rendering separate returns included above, 6,682.

These returns for the first year of the operation of the new income tax law cover income for the ten months from March 1 to December 31 1913.

Daniel Thew Wright, an Associate Justice of the Supreme Court of the District of Columbia, tendered his resignation to President Wilson on the 6th inst. to take effect Novem-

ber 15. His resignation follows an inquiry into his official conduct undertaken by the House Judiciary Committee under a resolution of last March. As a result of his resignation, charges preferred against him by a sub-committee will be dropped; these charges, it is understood, accused him of favoritism in the conduct of his judicial office. In his letter of resignation Justice Wright said that he was advised that the sub-committee of the House of Representatives had completed its investigation, "and every fair-minded man who is even reasonably familiar with the evidence knows, not only that no allegation against my official conduct has been sustained, but that such charge has been affirmatively refuted." He adds, however, that the proceeding has aligned the entire local bar on one side or the other of the controversy, and created a condition that would be embarrassing to him in the discharge of his judicial duties, and for that reason he tendered his resignation. It was Justice Wright who several years ago sentenced Samuel Gompers and the other labor leaders to jail for contempt of court.

In accordance with resolutions adopted at its recent annual meeting, the New York Bankers' Association announces the appointment of the following committee on Publicity:

Charles H. Sabin, Vice-President of the Guaranty Trust Co., New York, N. Y.; James S. Cutler, President of the Alliance Bank, Rochester, N. Y.; F. W. Hyde, Esq., Cashier of the National Chautauqua County Bank, Jamestown, N. Y.; James H. Perkins, President of the New York State Bankers' Association and Vice-President of the National City Bank of New York, N. Y.; W. W. Brundage, Cashier of the Bank of Hammondsport, Hammondsport, N. Y.

The appointment of the committee is in furtherance of the plans of the bankers to enter upon a campaign of publicity, along the lines advocated by Frank A. Vanderlip, for the purpose of developing a better understanding of the needs of business and the proper legislative requirements therefor.

The validity of the New Jersey law imposing a tax on the capital, surplus and undivided profits of banks and trust companies so far as the question of legislative procedure is involved is upheld in an opinion handed down by Chief Justice Gummere of the State Supreme Court on the 12th inst. The law is known as the Pierce Bank Stock Act. The Pierce Bill, as originally introduced, first passed the Senate, but at the time a question was raised as to whether it should not have originated in the House. Then the bill, in the form of a House Committee substitute for the Senate bill, was passed, first by the House, and subsequently by the Senate. This procedure, the Chief Justice says, made the measure in effect a House bill; he holds that as a matter of record, notwithstanding any phraseology of description, the Pierce bill did originate in the Assembly, that it is not to be assumed that the record is incorrect, and that the Legislature disregarded a constitutional requirement. The constitutionality of the Act (which was passed last March) is also questioned on several other grounds, which are the subject of a separate suit argued before Supreme Court Justice Swayze at Newark on Saturday, October 10.

At a regular meeting of the directors of the Citizens' Central National Bank of this city yesterday, Otto L. Dommerich of the dry goods commission firm of L. F. Dommerich & Co., 254 Fourth Avenue, was elected a member of the board.

William G. Gaston was appointed Cashier of the Fifth Avenue Bank of this city last Thursday.

General Brayton Ives, distinguished soldier and financier, died on Thursday last at his country home in Ossining, N. Y., at the age of seventy-four. General Ives was born in Farmington, Conn., in 1840, and upon his graduation from Yale in 1861 joined the Fifth Connecticut Volunteers. He was shortly advanced from Adjutant, for meritorious service, to Colonel, and was later promoted for remarkable bravery and ability; upon the termination of the war in 1865 he was mustered out with the rank of Brevet-Brigadier-General. General Ives then returned to New York and became a stock broker, and was one of the founders of the New York Stock Exchange. He was Vice-President of that institution in 1876 and 1877 and President in 1878 and 1879, and was also a member of its Governing Committee for thirteen years. After twenty-two years in the "Street," he accepted the presidency of the Western National Bank, which office he filled for several years, and upon resigning he was elected President of the Northern Pacific Railroad Co. He

subsequently became President of the Metropolitan Trust Co. (after leaving the railroad field), and held this position for fifteen years, until he was compelled to retire on account of ill-health. At the time of his death General Ives was President and director of the Kanona & Prattsburgh Railway Co., Vice-President of the New Orleans Mobile & Chicago R.R., President of the Hecker-Jones-Jewell Milling Co. and of the Standard Milling Co. He was also a director of many corporations and financial institutions, among which were the National Bank of Commerce of New York and the Atlantic Safe Deposit Co. He was a member of the Loyal Legion and many prominent clubs.

Frank E. Vogel, formerly the business partner of Henry Siegel, died suddenly of heart failure last Monday at the Hotel Biltmore of this city. Mr. Vogel was formerly Vice-President of the Fourteenth Street Store, and he was soon to have stood trial with Mr. Siegel on numerous allegations of grand larceny and receiving bank deposits while insolvent in connection with the failure of the Fourteenth Street Store and the private bank of Henry Siegel & Co. of this city. Mr. Vogel was fifty-seven years of age and a native of Chicago, where he acquired a fortune in the meat-packing business. Coming to New York eighteen years ago, he joined Henry Siegel, whose Chicago firm of Siegel, Cooper Co. had been very successful, and helped to organize the New York firm of Siegel-Cooper Co. on Sixth Avenue. After disposing of their interests in the New York store of the Siegel-Cooper Co. to Greenhut & Co. in 1901, the partners brought the Simpson-Crawford store here, and one year later they started the Fourteenth Street Store and the following year opened up a new department store in Boston known as the Henry Siegel Store. The wholesale firm of Henry Siegel & Co., as well as the Siegel Stores Corporation, a stock-holding company for all the Siegel-Vogel enterprises, and the Merchants' Express Co., a department store delivery, were organized in quick order, while the private bank of Henry Siegel & Co., with its 15,000 depositors and over \$2,500,000 individual deposits, was operated in connection with the Fourteenth Street Store. The depositors of the bank were paid 4½% interest as an inducement for deposits. On New Year's eve last the crash came and receivers were appointed for all the New York and Boston enterprises. It is stated that the Chicago store of the Siegel-Cooper Co. is a good-paying proposition and continues to operate on a profitable basis. The Simpson-Crawford store in New York, since the embarrassments of Mr. Siegel and Mr. Vogel, have been entirely divorced from their control and influence, and it is also well known that the original New York store of the Siegel-Cooper Co., now known as Greenhut & Co., had no connection in any way with Vogel's or Siegel's financial operations. Out of the endless investigations, bankruptcy proceedings, Federal and State inquiries, came the fourteen indictments, twelve charging both men with obtaining bank loans by false statements of their standing, and two for unlawfully receiving deposits in their bank after knowing themselves to be insolvent. The case against Siegel will come to trial at Geneseo, Livingston County, N. Y., on Nov. 9, the change of venue from New York City having been decided by Judge Blanchard of the Supreme Court, as it was contended by the defendants' lawyers that public sentiment created by the creditors and others would make a fair trial in this city doubtful. The failure affected 8,000 general creditors, 2,000 employees and 15,000 depositors.

Thomas Hildt, Vice-President of the National Bank of Commerce, Baltimore was this week elected a Vice-President of the Astor Trust Co., Fifth Avenue and Thirty-fifth Street this city.

A. C. Rorebeck, the father of Second Vice-President Edwin F. Rorebeck of the Metropolitan Trust Company, is dead at his son's fruit farm, Fort Myers, Florida. The deceased was a veteran of the Civil War, and as Secretary to General Phil. Sheridan had an intimate personal knowledge of many of the stirring events of that period. Since the death of General Sheridan, Mr. Rorebeck had been connected with the War Department, and had done much valuable work on General Sheridan's memoirs. Another son of Mr. Rorebeck is a Captain of Artillery in the United States Army; both sons saw active service during the Spanish-American War.

A banquet was recently held in the lobby of the First National Bank of Paterson, N. J., in commemoration of the fiftieth anniversary of the institution's organization and in tribute

to the long and faithful services of President Edward T. Bell. A large company of representative men were present—the directors of the institution, all the Presidents of the local banks, Ex-Governor John W. Griggs, and members of the bench, paying their respects to the guest of honor. The following resolution, which was the keynote of the banquet, was offered by George Wurts, associate editor of "The Press":

"To the First National Bank and its Board of Directors:—May its next half-century be even more prosperous than the one just closed, and may it always be fortunate enough to have at its head a President so loyal and efficient as the honored gentleman whose record has been the inspiration of this feast."

William B. Gourley was toastmaster. Mr. Bell reviewed the history of the institution in a gracious address praising all the directors and officers who had been his associates during the past fifty years in the upbuilding of the bank. Mr. Bell was then presented with a gold watch by the directors. On page 525 of our issue of Aug. 22 we referred at length to the striking history of the First National Bank and its prominent participation in the business and public activities of Paterson.

Henry A. McGee, a Vice-President of the Plainfield Trust Co., Plainfield, N. J., died suddenly at his home in that city on Sunday last. Mr. McGee was well known in the petroleum business, having been a director in the Standard Oil Co. of New York for twenty-five years. He was also a director of the New York Produce Exchange Safe Deposit Co., a member of the New York Produce Exchange, the Consolidated Exchange and of the Lotus and Downtown clubs of New York.

On Sept. 25 George F. Hoffmeister, formerly Auditor of the Colonial Trust Co. of Pittsburgh, was sentenced to not less than three years nor more than four years and six months in the Western Penitentiary and to pay a fine of \$500 on charges of having embezzled \$18,000 from the bank's funds and appropriated \$85,000 from its vaults, the latter representing part of the reserve funds of the Freehold National Bank kept as trust funds by the trust company. Subsequently Judge Joseph M. Swearingen reduced the minimum sentence to two and a half years after a petition had been presented by the bank attorneys, saying Hoffmeister's confession had enabled the bank to recover a large part of the money. Herman F. Borchers, formerly paying teller of the company, was sentenced Sept. 25 on similar charges to serve two years and six months in the workhouse and to pay a fine of \$1,500.

E. R. Fancher, Vice-President of the Union Nat. Bank of Cleveland, has been elected President of that institution, to succeed Geo. H. Worthington, who has resigned because of the pressure on his time of other interests. Mr. Fancher has been connected with the Union National for close to thirty years. In 1904 he was elected Cashier and served in that capacity until January 1909, when he was promoted to the Vice-Presidency. Mr. Worthington will remain a director of the bank.

Earle H. Reynolds, Cashier of the People's Trust & Savings Bank, Chicago, has been elected President of the institution in place of C. H. Bosworth, who recently resigned to accept the Chairmanship of the Chicago Federal Reserve Bank. R. B. Upham has been advanced from Assistant Cashier to a Vice-Presidency; he will continue as Manager of the Bond Department. H. T. Griswold, also an Assistant Cashier, has been made Cashier, and Edward A. Hintz and Chester F. Erickson have been appointed new Assistant Cashiers. Mr. Reynolds, who is a son of George M. Reynolds, is said to be the youngest head of any banking institution of equal size and importance. He is twenty-eight years old.

Thomas E. Newcomer, heretofore Assistant Cashier of the Fort Dearborn National Bank, Chicago, has just been elected Cashier of the Central National Bank of St. Louis, to succeed J. A. Berninghaus, who was recently appointed a Vice-President of the bank and also a member of its board of directors.

Leon W. Quick was appointed receiver for the Bankers' Trust Co. of St. Louis on Sept. 29 by Circuit Judge McQuillin, who had previously consolidated the two receivership suits pending against the company. One of these had been filed by Merit E. Leming of San Antonio, Tex., and other stockholders. This proceeding was for a time held up

according to the St. Louis "Globe-Democrat," by a writ of prohibition filed in Jefferson City by State Bank Commissioner Mitchell. The writ was dismissed after Assistant Attorney-General Fitch of Missouri filed a second receivership proceeding in Circuit Court on Sept. 25. This suit was transferred to Judge McQuillin. Receiver Quick, in a report presented to Judge McQuillin on the 5th inst., states that the books of the company show direct liabilities of \$1,336,741, with \$789 cash on hand, seized by the United States Internal Revenue Collector, and is hence not available. According to the St. Louis "Republic," the report also says:

The sworn returns of the company under the income tax law for the year 1913 show an earning based upon an increase in the book value of the assets of the company and upon the earnings so derived an assessment of \$3,378 78 income tax was made against the company and in default of the payment thereof the furniture and moneys of the company were seized by the Internal Revenue Collector. I am of the opinion that the earnings so reported are entirely fictitious and that a correct return based upon only actual earnings would have shown a loss and no liability for income tax in any amount. The books also show the ownership of several tracts of real estate for which no deeds or abstracts of title are in the office of the company.

The following companies and institutions in which the Bankers' Trust Co. is financially interested are in the hands of receivers or liquidators: San Antonio Uvalde & Gulf RR. Co. in hands of receiver, appointed by the United States District Court, sitting in San Antonio; Cross S. Farming Co., receiver appointed by the Court, Bexar County, Tex.; Bank of Wynne, Ark., in the hands of a special agent of the State Bank Commissioner, and State National Bank of Little Rock, Ark., in process of liquidation, under the direction of the comptroller of the Currency.

The assets delivered to the receiver are, his report states:

Sundry bonds and notes receivable, a large number of which are long past due, four deeds of tracts of real estate in Colorado, Missouri, Arkansas and Texas, the status of which your receiver has as yet been unable to ascertain; certain stocks of the Big Wells Farming & Nursery Co., Fredericktown RR. Co., Maplewood Security Co., Hopewell Planting Co., National Sash & Door Co., St. Louis Car Co., Bank of Almyra, Ark., Bank of Forestell of Forestell, Mo., and a receipt signed by H. F. Knight for shares of stock of the San Antonio Uvalde & Gulf RR. and the office furniture and fixtures which had been received, seized by the United States Internal Revenue Collector.

Henry L. Schmetz, a prominent private banker and member of the firm of Schmetz Brothers, bankers, Newport News, Va., died the past week at his home in Hampton, Va., in his sixty-first year. Mr. Schmetz was also a director of the National Bank of Commerce, Norfolk, and of the Old Dominion Trust Co. of Richmond, Va.

On Nov. 1 next the new Continental National Bank of Los Angeles, Cal., will open for business at the corner of Ninth and Main streets, with a capital of \$300,000. R. S. Heaton, Cashier of the Commercial National Bank of that city, will be at the head of the new institution.

THE ENGLISH GOLD AND SILVER MARKETS.

We reprint the following from the weekly circular of Samuel Montagu & Co. of London, written under date of October 8 1914:

GOLD.

The Bank of England has notified the purchase of large amounts of gold, and the net influx for the week reached the substantial amount of £4,286,000. Details are appended:

Oct. 1.. £295,000 in U. S. gold coin.	Oct. 5.. £1,514,000 in U. S. gold coin.
1.. 577,000 " bar gold.	5.. 304,000 " bar gold.
2.. 9,000 " U. S. gold coin.	6.. 526,000 " U. S. gold coin.
2.. 20,000 " bar gold.	6.. 84,000 " bar gold.
2.. 500,000 released from India gold stand. reserve.	6.. 59,000 " French gold coin.
3.. 774,000 in U. S. gold coin.	7.. 42,000 " U. S. gold coin.
	7.. 82,000 " bar gold.

The greater part of these amounts no doubt represents deposits of gold coin in Ottawa and gold bullion in South Africa, under the arrangements made by the Bank of England for the purchase of such gold.

The total amount of gold which has now been received at Ottawa is stated to be upward of £10,000,000.

There has been no withdrawal for abroad during the week, but a further sum of £500,000 was set aside yesterday for the Treasury Currency Note Redemption Fund, raising the total of that fund to £5,000,000.

The net import of gold into India for the month of September 1914 was approximately £85,300.

SILVER.

Steadiness continues to characterize the silver market, and the price has remained in the neighborhood of 24d. throughout the week. Apart from the slight interest taken by the East, the moderate amounts offering have been secured for home and other coinage requirements.

It is evident that there has been lately a considerable external demand for English silver coin. The total net export to British West Africa during the months of August and September was valued at £290,400, and to other countries £37,230.

The stock in Bombay shows a slight reduction, and is now estimated to be 4,000 bars.

Subjoined is the Indian currency return for the week ending Sept. 30, comparison being made with the figures for the previous week:

	Week of Sept. 30.	Previous Week.
	Lacs.	Lacs.
Rupees.....	3,495	3,499
Gold in England.....	765	765
Gold in India.....	392	496
Securities in England.....	400	400
East Indian securities.....	4,000	1,000
Note circulation.....	6,052	6,160

No shipment of silver has been reported from San Francisco to the East during the week.

The quotation to-day is 3-16d. below that fixed a week ago.

Quotations for bar silver per ounce standard:

Oct.	2.	24	cash	No	Bank rate	5%
3.	23 1/4		quotation	fixed	Bar gold per ounce standard	77s. 9d.
5.	24 1/4		"	fixed	French gold coin per ounce	Nominal
6.	24		"	for	German gold coin, per ounce	Nominal
7.	24		"	forward	U. S. gold coin, per ounce	Nominal
8.	23 13-16		"	delivery.		
Average for the week.....23.968 cash						

Commercial and Miscellaneous News

National Banks.—The following information regarding national banks is from the office of the Comptroller of the Currency, Treasury Department.

APPLICATION TO CONVERT APPROVED.

The Edisto Savings Bank of Orangeburg, S. C., into "The Edisto National Bank of Orangeburg." Capital, \$100,000.
The Citizens' State Bank of Petty, Tex., into "The Citizens' National Bank of Petty." Capital, \$50,000.

The Bank of Laurens, S. C., into "The Laurens National Bank." Capital, \$50,000.

CHARTERS ISSUED TO NATIONAL BANKS OCT. 7 TO OCT. 13.

10,633—The Citizens' National Bank of Golden City, Mo. Capital, \$25,000. H. H. Steele, Pres.; J. P. Myers, Cashier. (Conversion of the Golden City Banking Co., Golden City, Mo.)

10,634—The City National Bank of Whitesboro, Tex. Capital, \$50,000. C. D. Anderson, Pres.; T. A. Key, Cashier. (Conversion of the City Guaranty State Bank, Whitesboro, Tex.)

10,635—The People's National Bank of Greenville, S. C. Capital, \$200,000. William C. Beacham, Pres.; T. G. Davis, Cashier. (Conversion of the People's Bank of Greenville, S. C.)

10,636—The Lake County National Bank of Madison, S. Dak. Capital, \$75,000. John W. Wadden, Pres.; Martin F. Berther, Cashier. (Conversion of the Lake County Bank, Madison, S. Dak.)

10,637—The First National Bank of Midland, S. Dak. Capital, \$25,000. A. J. Bunker, Pres.; C. T. Coyne, Cashier. (Conversion of the Bank of Midland, S. Dak.)

10,638—The First National Bank of Avery, Tex. Capital, \$40,000. A. P. Denison, Pres.; W. G. Bryan, Cashier. (Conversion of the First State Bank of Avery, Tex.)

10,639—The Bogota National Bank, Bogota, Tex. Capital, \$50,000. L. W. Lassiter, Pres.; P. W. McCain, Cashier. (Conversion of the First State Bank of Bogota, Tex.)

VOLUNTARY LIQUIDATION.

9,212—The Commercial National Bank of Macon, Ga., Sept. 30 1914. Consolidated with the American National Bank of Macon, Ga., charter No. 4547, which is to act as liquidating agent.

7,384—The First National Bank of Sargent, Neb., Oct. 8 1914. Liquidating agent, Frank H. Young, Broken Bow, Neb. Succeeded by the Sargent State Bank, Sargent, Neb.

Canadian Bank Clearings.—The clearings for the week ending Oct. 17 at Canadian cities, in comparison with the same week of 1913, shows a decrease in the aggregate of 25.9%.

Clearings at—	Week ending October 17.				
	1914.	1913.	Inc. or Dec.	1912.	1911.
Canada—	\$	\$	%	\$	\$
Montreal.....	47,360,992	59,787,975	-20.8	68,192,936	50,877,148
Toronto.....	33,000,000	45,726,234	-27.8	47,847,475	37,092,194
Winnipeg.....	32,978,978	42,700,787	-22.8	34,618,685	31,469,571
Vancouver.....	6,125,882	11,868,547	-48.4	13,491,182	11,445,658
Ottawa.....	3,445,364	4,371,716	-21.2	4,471,292	4,821,252
Quebec.....	3,101,320	3,411,170	-9.1	3,423,033	2,799,229
Halifax.....	2,303,074	2,036,242	+13.1	2,209,397	1,827,761
Hamilton.....	2,704,707	3,499,344	-22.7	4,029,187	2,862,259
Calgary.....	3,857,456	4,957,216	-22.2	5,458,000	5,589,165
St. John.....	1,328,319	1,726,259	-23.2	1,885,421	1,596,541
Victoria.....	1,692,801	3,142,612	-46.1	4,101,608	2,881,877
London.....	1,491,442	1,728,588	-13.7	1,710,947	1,449,246
Edmonton.....	2,194,788	4,056,732	-21.2	4,932,151	3,732,817
Regina.....	1,888,022	3,068,060	-38.5	2,632,624	1,670,911
Brandon.....	545,186	757,500	-28.0	656,340	598,781
Lethbridge.....	323,407	604,851	-46.5	794,870	799,209
Saskatoon.....	954,366	1,970,384	-51.6	2,427,843	1,622,963
Moose Jaw.....	853,362	1,147,183	-25.6	1,460,228	924,384
Brantford.....	481,186	705,351	-31.9	605,077	549,582
Fort William.....	650,252	1,165,907	-44.2	694,164	648,285
New Westminster.....	260,348	535,093	-51.4	-----	-----
Medicine Hat.....	250,747	605,589	-58.7	-----	-----
Peterborough.....	418,946	Not include	d in total	-----	-----
Total Canada.....	147,789,909	199,574,329	-25.9	205,735,460	165,258,833

DIVIDENDS.

The following shows all the dividends announced for the future by large or important corporations.

Dividends announced this week are printed in italics.

Name of Company.	Per Cent.	When Payable.	Books Closed. Days Inclusive.
Railroads (Steam).			
Atchafalaya Topeka & Santa Fe, com. (qu.)	1 1/2	Dec. 1	Holders of rec. Oct. 30a
Atlantic Coast Line RR., pref.	2 1/2	Nov. 10	Holders of rec. Nov. 10
Boston & Albany (quar.)	2 1/2	Dec. 31	Holders of rec. Nov. 30a
Central RR. of New Jersey (quar.)	3	Nov. 2	Holders of rec. Oct. 23a
Cuba RR., common	3	Nov. 1	Holders of rec. Apr. 25a
Elmira & Williamsport, common	2.26	Nov. 2	Holders of rec. Nov. 1
Georgia Southern & Florida, 1st & 2d pref.	2 1/2	Nov. 6	Holders of rec. Oct. 26 to Nov. 6
Grand Trunk, guaranteed	2	Oct. 31	-----
Great Northern (quar.)	1 1/2	Nov. 2	Holders of rec. Oct. 15a
Nashua & Lowell	4 1/2	Nov. 2	Holders of rec. Oct. 15a
Norfolk & Western, common (quar.)	1 1/2	Dec. 19	Holders of rec. Nov. 30a
Norfolk & Western, adl. pref. (quar.)	1	Nov. 19	Holders of rec. Oct. 31a
Northern Pacific (quar.)	1 1/2	Nov. 2	Holders of rec. Oct. 8a
Reading Company, common (quar.)	2	Nov. 12	Holders of rec. Oct. 27a
Reading Company, 1st pref. (quar.)	2	Dec. 10	Holders of rec. Nov. 24a
Southern Ry., pref. (payable in div. etfs.)	21	(f)	Holders of rec. Oct. 31
Street and Electric Railways.			
American Railways, preferred (quar.)	1 1/2	Nov. 14	Holders of rec. Oct. 31a
Aurora Elgin & Chicago RR., pref. (quar.)	1 1/2	Nov. 1	Sept. 24 to Oct. 22
Bangor Ry. & Elec., com. (quar.) (No. 3)	1 1/2	Nov. 2	Holders of rec. Oct. 19
Brazilian Trac., Light & Power, Ltd. (quar.)	1 1/2	Dec. 1	Holders of rec. Oct. 31
Cape Breton Electric Co., com. (No. 10)	3	Nov. 2	Holders of rec. Oct. 19a
Preferred (No. 17)	3	Nov. 2	Holders of rec. Oct. 19a
Columbus Ry., P. & L., com. (qu.) (No. 3)	1 1/2	Nov. 2	Holders of rec. Oct. 21
Preferred, Series B (quar.) (No. 3)	1 1/2	Nov. 2	Holders of rec. Oct. 17
Commonwealth Ry., Ry. & Lt., com. (qu.)	1	Nov. 2	Holders of rec. Oct. 16a
Preferred (quar.)	1 1/2	Nov. 2	Holders of rec. Oct. 16a
Cumberland Co. (Me.) Pow. & Lt., pf. (qu.)	1 1/2	Nov. 1	Holders of rec. Oct. 17a
Easton Consolidated Elec. Co. (monthly)	1-3k	Nov. 24	Holders of rec. June 26a
E. St. Louis & Sub., pref. (qu.) (No. 3)	1 1/2	Nov. 2	Holders of rec. Oct. 17
Grand Rapids Ry., pref. (quar.) (No. 56)	1 1/2	Nov. 2	Holders of rec. Oct. 15
Havana Electric Ry., Light & Pow., com.	2 1/2	Nov. 14	Oct. 25 to Nov. 14
Preferred	3	Nov. 14	Oct. 25 to Nov. 14
Jacksonville Trac., com. (quar.) (No. 15)	1 1/2	Nov. 2	Holders of rec. Oct. 20a
Preferred (quar.) (No. 15)	1 1/2	Nov. 2	Holders of rec. Oct. 20a
Lowiston Aug. & Waterv. St., pref. (qu.)	1 1/2	Nov. 2	Holders of rec. Oct. 17

Name of Company.	Per Cent.	When Payable.	Books Closed. Days Inclusive.
Railroads (Steam) Continued.			
L. & N. Trac., preferred (quar.)	1 1/2	Nov. 1	Oct. 22 to Oct. 31
Milwaukee El. Ry. & Lt., pf. (qu.) (No. 60)	1 1/2	Oct. 31	Holders of rec. Oct. 20a
Montreal Tramways (quar.)	2 1/2	Nov. 2	Holders of rec. Oct. 15
Ohio Trac., preferred (quar.)	1 1/2	Nov. 2	Holders of rec. Oct. 26a
Philadelphia Co., com. (quar.) (No. 132)	0 1/2	Nov. 2	Holders of rec. Oct. 1a
6% cumulative preferred (No. 4)	3	Nov. 2	Holders of rec. Oct. 1a
Public Service Invest., pf. (qu.) (No. 22)	\$1.50	Nov. 2	Holders of rec. Oct. 15a
Sierra Pac. Elec. Co., pref. (qu.) (No. 21)	1 1/2	Nov. 2	Holders of rec. Oct. 17a
Union Street Ry., New Bedford (quar.)	2	Oct. 31	Holders of rec. Oct. 22a
West Penn Railways, preferred (quar.)	1 1/2	Nov. 2	Oct. 24 to Nov. 2
Banks.			
American Exchange National	5	Nov. 2	Holders of rec. Oct. 20
Bowery (quar.)	3	Nov. 2	Oct. 29 to Nov. 1
Extra	3	Nov. 2	Oct. 29 to Nov. 1
Chemical National (bi-monthly)	2 1/2	Nov. 2	Oct. 25 to Nov. 1
City, National	5	Nov. 2	Oct. 23 to Nov. 1
Corn Exchange (quar.)	4	Nov. 2	Holders of rec. Oct. 31
Fidelity	3	Nov. 2	Holders of rec. Oct. 29a
Germania	10	Nov. 2	Holders of rec. Oct. 23
Pacific (quar.)	2	Nov. 2	Oct. 14 to Nov. 1
Trust Companies.			
Farmers' Loan & Trust (quar.)	12 1/2	Nov. 2	Oct. 25 to Nov. 1
Broadway (quar.)	1 1/2	Nov. 2	Oct. 22 to Nov. 1
Hamilton, Brooklyn (quar.)	3	Nov. 2	Holders of rec. Oct. 26a
Kings County, Brooklyn (quar.)	4	Nov. 2	Oct. 27 to Nov. 1
Fire Insurance.			
Globe & Rutgers (quar.)	10	Oct. 31	Oct. 26 to Oct. 31
Hamilton (quar.)	1	Oct. 31	Holders of rec. Oct. 30
Westchester Fire (quar.)	10	Nov. 1	Oct. 22 to Nov. 1
Miscellaneous.			
Amalgamated Copper (quar.)	3 1/2	Nov. 30	Holders of rec. Oct. 24a
American Cigar, common (quar.)	1 1/2	Nov. 2	Holders of rec. Oct. 17a
Amer. Gas & Elec. pref., (qu.) (No. 31)	1 1/2	Nov. 2	Holders of rec. Oct. 21
American Light & Traction, com. (quar.)	2 1/2	Nov. 2	Oct. 16 to Nov. 1
Common (payable in common stock)	2 1/2	Nov. 2	Oct. 16 to Nov. 1
Preferred (quar.)	1 1/2	Nov. 2	Oct. 16 to Nov. 1
American Malt Corpora'n, pref. (No. 13)	1	Nov. 4	Oct. 17 to Nov. 12
American Mailing, preferred	62c	Nov. 2	Oct. 17 to Nov. 12
American Soda Fountain (quar.)	1 1/2	Nov. 16	Nov. 2 to Nov. 15
American Window Glass, preferred	10	Oct. 28	Oct. 25 to Oct. 28
Bellows Falls Power, preferred	2 1/2	Nov. 2	Holders of rec. Oct. 27
Bond & Mortgage Guarantee (quar.)	4	Nov. 14	Holders of rec. Nov. 7
Brill (J. G.), pref. (quar.)	1	Nov. 2	Oct. 27 to Nov. 1
Burns Shoe, preferred (quar.)	1 1/2	Nov. 1	Holders of rec. Oct. 24a
Burns Brothers, common (quar.)	1 1/2	Nov. 16	Holders of rec. Nov. 2
Preferred (quar.) (No. 7)	1 1/2	Nov. 2	Holders of rec. Oct. 17
Cambria Steel (quar.)	1 1/2	Nov. 16	Holders of rec. Oct. 31
Canada Cement Ltd., preferred (quar.)	1 1/2	Nov. 16	Holders of rec. Oct. 31a
Canadian Concrete's Ltd. (quar.)	1	Nov. 16	Holders of rec. Oct. 31a
Chicago Pneumatic Tool (quar.)	1	Oct. 26	Oct. 16 to Oct. 26
Clelutt, Peabody & Co., com. (qu.) (No. 4)	1	Nov. 2	Holders of rec. Oct. 20a
Commonwealth Edison (quar.)	2	Nov. 2	Oct. 16 to Nov. 1
Consolidation Coal (quar.)	1 1/2	Oct. 31	Holders of rec. Oct. 24a
Diamond Match (quar.)	1 1/2	Dec. 15	Holders of rec. Nov. 30a
Distilling Co. of America, pref. (quar.)	3 1/2	Oct. 31	Holders of rec. Sept. 30a
Dominion Steel Corp., pf. (qu.) (No. 11)	1 1/2	Nov. 2	Oct. 16 to Nov. 2
du Pont (E. I.) de Nem. Pow., pref. (qu.)	1 1/2	Oct. 26	Oct. 16 to Oct. 26
Edison El. Ill., Boston (qu.) (No. 102)	3	Nov. 2	Holders of rec. Oct. 15
Edison El. Ill. of Brockton (No. 54)	34	Nov. 2	Holders of rec. Oct. 15a
Electrical Securities Corp., pref. (quar.)	1 1/2	Nov. 1	Oct. 27 to Nov. 11
Electric Bond & Share, pref. (qu.) (No. 38)	1 1/2	Nov. 2	Oct. 22 to Nov. 3
Eureka Pipe Line (quar.)	6	Nov. 2	Holders of rec. Oct. 15
Fall River Gas Works (quar.) (No. 80)	33	Nov. 2	Holders of rec. Oct. 22a
Federal Sugar Refining, pref. (quar.)	1 1/2	Nov. 2	Holders of rec. Oct. 30a
Fort Worth Pow. & Lt., pf. (qu.) (No. 13)	1 1/2	Nov. 1	Holders of rec. Oct. 20a
General Chemical, common (quar.)	1 1/2	Dec. 1	Holders of rec. Nov. 19
General Motors, preferred	3 1/2	Nov. 1	Holders of rec. Oct. 15a
Hercules Powder, preferred (quar.)	1 1/2	Nov. 15	Nov. 6 to Nov. 15
Homestake Mining (monthly) (No. 479)	65c	Oct. 26	Holders of rec. Oct. 20a
Houghton County El. Lt., com. (No. 19)	62 1/2 c	Nov. 2	Holders of rec. Oct. 16a
Preferred (No. 24)	75c	Nov. 2	Holders of rec. Oct. 16a
Illinois Northern Utilities, pref. (quar.)	1 1/2	Nov. 2	Oct. 21 to Nov. 1
Illum. & Pow. Sec. Corp. pf. (qu.) (No. 9)	1 1/2	Nov. 16	Holders of rec. Oct. 31
Indiana Pipe Line (quar.)	\$2.50	Nov. 16	Holders of rec. Oct. 17
International Banking	3	Nov. 2	Oct. 16 to Nov. 2
Int. Harvester of N. J., pf. (qu.) (No. 31)	1 1/2	Dec. 1	Holders of rec. Nov. 10a
Int. Harvester Corp., pf. (qu.) (No. 7)	1 1/2	Dec. 1	Holders of rec. Nov. 10a
International Nickel, common (quar.)	2 1/2	Dec. 1	Nov. 15 to Dec. 1
Preferred (quar.)	1 1/2	Nov. 2	Oct. 15 to Nov. 3
Int. Smokeless Pow. & Chem., pref.	4	Nov. 16	Holders of rec. Nov. 5a
Island Creek Coal, common (quar.)	50c	Nov. 2	Holders of rec. Oct. 23
Kansas City Stk. Yds. of Me., pref. (qu.)	1 1/2	Nov. 2	Holders of rec. Oct. 15a
Kansas City Stock Yards of Mo. (quar.)	1 1/2	Nov. 2	Holders of rec. Oct. 15a
Kayser (Julius) & Co., 1st & 2nd pf. (qu.)	1 1/2	Nov. 2	Holders of rec. Oct. 21a
Kellogg Switchboard & Supply (quar.)	3	Oct. 31	Holders of rec. Oct. 29
Keystone Telephone, preferred	\$1.50	Nov. 2	Holders of rec. Oct. 20a
Lackawanna Steel, preferred (quar.)	1 1/2	Dec. 1	Holders of rec. Nov. 30
Loose-Wiles Biscuit, 2nd pf. (qu.) (No. 10)	1 1/2	Nov. 2	Oct. 16 to Nov. 1
Lowell Elec. Light Corp. (quar.) (No. 74)	2	Nov. 2	Holders of rec. Oct. 17a
Massachusetts Gas Cos., com. (quar.)	\$1.25	Nov. 2	Holders of rec. Oct. 15a
McCall Corporation, common (quar.)	1	Nov. 16	Holders of rec. Nov. 2a
Montreal L., Heat & Pow. (quar.) (No. 54)	2 1/2	Nov. 16	Holders of rec. Oct. 31a
Municipal Service, pref. (quar.)	1 1/2	Nov. 2	Oct. 24 to Oct. 31
National Carbon, preferred (quar.)	1 1/2	Nov. 14	Nov. 2 to Nov. 15
National Lead, pref. (quar.)	1 1/2	Dec. 15	Nov. 21 to Nov. 24
New Central Coal	1	Nov. 2	Oct. 28 to Nov. 2
North American Co. (quar.) (No. 43)	1 1/2	Jan. 2	Holders of rec. Dec. 15
Pacific Coast Co., common (quar.)	1	Nov. 2	Oct. 24 to Nov. 3
First preferred (quar.)	1 1/2	Nov. 2	Oct. 24 to Nov. 3
Second preferred (quar.)	1	Nov. 2	Oct. 24 to Nov. 3
Pacific Pow. & Lt., pref. (qu.) (No. 17)	1 1/2	Nov. 1	Holders of rec. Oct. 23
Penmans, Ltd., common (quar.)	1 1/2	Nov. 16	Holders of rec. Nov. 5a
Preferred (quar.)	1 1/2	Nov. 2	Holders of rec. Oct. 21a
People's Gas Light & Coke (quar.)	2	Nov. 25	Holders of rec. Nov. 2a
Pittsburgh Coal, pref. (quar.)	1 1/2	Oct. 26	Holders of rec. Oct. 15a
Portland (Ore.) Gas & Coke, pref. (quar.)	1 1/2	Nov. 1	Holders of rec. Oct. 23
Procter & Gamble, common (quar.)	4	Nov. 14	Holders of rec. Oct. 31a
Public Serv. Corp. of Nor. Ill., com. (qu.)	1 1/2	Nov. 2	Holders of rec. Oct. 15a
Preferred (quar.)	1 1/2	Nov. 2	Holders of rec. Oct. 1

Statement of New York City Clearing-House Banks and Trust Companies.—The New York Clearing House has discontinued for the present issuing its detailed statement showing the weekly averages of condition of the separate banks and trust companies, both the member and the "non-member" institutions. The reserve items "Cash reserve in vault" and "Trust companies' reserve with C. H. members carrying 25% cash reserve" are separately stated as to banks and trust companies in the summarized statement furnished by the Clearing House; but with these exceptions the figures are for banks and trust companies together and are not apportioned between the two classes of institutions. The publication of the statement in the usual form, it is stated, will not be resumed until all outstanding Clearing-House loan certificates are retired. The last complete statement issued, that for August 1 1914, will be found in the "Chronicle" of August 8 on page 398.

We show below the figures as given out by the Clearing House and also print the totals reported by the State Banking Department for the State banks and trust companies in Greater New York *not in the Clearing House*. In addition we combine, as has been our custom, each corresponding item in the two statements, thus affording an aggregate for the whole of the banks and trust companies in Greater New York.

NEW YORK CITY BANKS AND TRUST COMPANIES.

Week ended Oct. 17	Clear.-House Members Actual Figs.	Clear.-House Members Average	State Banks & Trust Cos. not in C.-H., A.	Total of all Banks & Tr. Cos., Ater.
Capital as of June 30----	\$176,300,000	\$176,300,000	\$28,940,000	\$204,250,000
Surplus as of June 30----	296,930,800	296,930,800	70,887,900	367,818,700
Loans and Investments----		2,171,513,000	562,581,100	2,734,094,100
Change from last week----		-4,423,000	-887,000	-5,310,000
Deposits-----		1,931,447,000	455,569,700	2,489,016,700
Change from last week----		-3,792,000	-380,300	-4,172,300
Specie-----		335,630,000	641,136,800	376,766,800
Change from last week----		+4,678,000	-1,461,600	+3,216,400
Legal-tenders-----	ACTUAL	98,936,000	113,537,200	1,247,200
Change from last week----	FIGURES	+1,441,000	+496,300	+1,937,200
Banks: Cash in vault----	NOT	369,491,000	13,026,800	382,517,800
Ratio to deposits-----	GIVEN.	Not given	13.66%	
Trust Cos.: cash in vault----		65,075,000	41,647,200	106,722,200
Aggr'te money holdings----		434,566,000	54,674,000	489,240,000
Change from last week----		+6,119,000	-965,300	+5,153,700
Money on deposit with other bks. & trust cos.-----		50,705,000	84,432,100	135,137,100
Change from last week----		-2,096,000	+73,800	-2,022,200
Total reserve-----		485,27,000	139,106,100	624,377,100
Change from last week----		+4,023,000	-891,500	+3,131,500
Surplus CASH reserve-----				
Banks (above 25%)-----		Not given		
Trust cos. (above 15%)-----		Not given		
Total-----		def. 934,150		
Change from last week----		+6,857,200		
% of cash reserves of trust cos.-----				
Cash in vault-----		Not given	9.79%	
Cash on dep. with bks.-----		Not given	16.98%	
Total-----		Not given	26.77%	

+ Increase over last week. — Decrease from last week.

a These are the deposits after eliminating the item "Due from reserve depositaries and from other banks and trust companies in New York City and exchanges"; with this item included, deposits amounted to \$638,576,800, a decrease of \$304,700 from last week. In the case of the Clearing-House members, the deposits are "legal net deposits" both for the average and the actual figures. b Gold. c Currency and bank notes.

CIRCULATION.—Circulation of national banks October 17 reported at \$146,227,000; Oct. 10, \$144,139,000; Oct. 3, \$38,800,000; Sept. 26, \$137,261,000; Sept. 19, \$129,716,000; Sept. 12, \$24,560,000; Sept. 5, \$4,362,000; Aug. 29, \$103,157,000; Aug. 22, \$88,539,000; Aug. 15, \$74,017,000; Aug. 8, \$5,093,000.

The averages of the New York City Clearing-House banks and trust companies, combined with those for the State banks and trust companies in Greater New York outside of the Clearing House, compare as follows for a series of weeks past:

COMBINED RESULTS OF BANKS AND TRUST COMPANIES IN GREATER NEW YORK.

We omit two ciphers (00) in all these figures.

Week Ended—	Loans and Investments	Deposits.	Specie.	Legals.	Tot Money Holdings	Entire Res on Deposit
	\$	\$	\$	\$	\$	\$
Aug. 15----	2,694,560.3	2,477,574.6	352,248.9	85,678.9	437,827.8	558,181.6
Aug. 22----	2,701,090.3	2,474,555.6	354,200.1	87,069.5	441,269.6	568,329.9
Aug. 29----	2,697,812.8	2,461,563.5	359,257.6	88,792.6	448,050.2	577,765.6
Sept. 5----	2,706,988.9	2,461,728.7	357,901.2	87,221.7	445,122.9	568,786.1
Sept. 12----	2,735,541.5	2,485,101.8	362,385.3	89,770.9	452,156.2	574,424.9
Sept. 19----	2,819,169.5	2,564,916.9	361,945.1	101,720.0	463,665.1	589,099.4
Sept. 26----	2,812,345.1	2,559,999.7	366,920.0	103,382.5	470,302.5	600,095.6
Oct. 3----	2,771,674.2	2,529,836.4	370,589.6	109,136.3	479,725.9	615,245.6
Oct. 10----	2,739,404.1	2,493,189.0	373,550.4	110,535.9	484,086.3	621,245.6
Oct. 17----	2,734,094.1	2,489,016.7	376,766.8	1,247.2	489,240.0	624,377.1

We add herewith the weekly returns furnished by the State Banking Department of the State banks and trust companies under its charge. These returns cover all the institutions of this class in the whole State, but the figures are compiled so as to distinguish between the results for New York City (Greater New York) and those for the rest of the State, as per the following:

For definitions and rules under which the various items are made up, see "Chronicle," V. 98, p. 1661

STATE BANKS AND TRUST COMPANIES.

Week ended Oct. 17	State Banks in Greater N. Y.	Trust Cos. in Greater N. Y.	State Banks outside of Greater N. Y.	Trust Cos. outside of Greater N. Y.
	\$	\$	\$	\$
Capital as of June 30----	23,850,000	67,300,000	10,758,000	11,300,000
Surplus as of June 30----	38,502,800	155,158,200	13,894,100	11,702,800
Loans and Investments----	325,334,200	1,103,621,600	132,803,800	192,383,100
Change from last week----	-710,000	+1,314,100	-1,967,300	+622,800
Gold-----	49,582,000	81,390,600	-----	-----
Change from last week----	-655,500	-1,598,100	-----	-----
Currency and bank notes-----	36,380,700	25,332,000	-----	-----
Change from last week----	-936,000	+814,000	-----	-----
Deposits-----	412,119,100	1,189,180,900	139,548,600	197,895,800
Change from last week----	-526,500	-1,500	+88,700	+39,400
Reserve on deposits-----	102,984,900	232,309,700	24,922,100	24,719,600
Change from last week----	-2,197,300	-2,299,700	+600,800	-306,900
P. C. reserve to deposits-----	28.3%	24.7%	19.8%	14.8%
Percentage last week----	28.6%	24.7%	19.2%	15.0%

+ Increase over last week. — Decrease from last week.

Boston and Philadelphia Banks.—Below is a summary of the weekly totals of the Clearing-House banks of Boston and Philadelphia:

We omit two ciphers (00) in all these figures.

Banks.	Capital and Surplus.	Loans.	Specie.	Legals.	Deposits.	Circu- lation.	Clearings.
	\$	\$	\$	\$	\$	\$	\$
Boston.							
Aug. 29.	No state	ment issu	ed.	-----	-----	-----	96,427.2
Sept. 5.	No state	ment issu	ed.	-----	-----	-----	106,788.1
Sept. 12.	No state	ment issu	ed.	-----	-----	-----	91,840.1
Sept. 19.	No state	ment issu	ed.	-----	-----	-----	118,484.6
Sept. 26.	No state	ment issu	ed.	-----	-----	-----	102,639.7
Oct. 3.	No state	ment issu	ed.	-----	-----	-----	130,921.8
Oct. 10.	No state	ment issu	ed.	-----	-----	-----	124,433.2
Oct. 17.	No state	ment issu	ed.	-----	-----	-----	134,223.1
Phila.							
Aug. 29.	103,684.3	399,830.0	84,017.0	-----	*418,421.0	13,441.0	125,425.7
Sept. 5.	103,684.3	400,601.0	85,651.0	-----	*422,326.0	13,723.0	146,756.1
Sept. 12.	103,684.3	401,833.0	86,457.0	-----	*422,596.0	14,084.0	109,702.9
Sept. 19.	103,684.3	402,276.0	89,669.0	-----	*428,773.0	15,018.0	135,785.7
Sept. 26.	103,684.3	401,256.0	90,426.0	-----	*425,477.0	15,358.0	124,965.4
Oct. 3.	103,684.3	401,699.0	94,029.0	-----	*434,394.0	15,504.0	154,615.9
Oct. 10.	103,684.3	401,912.0	90,049.0	-----	*428,208.0	15,653.0	143,371.3
Oct. 17.	103,684.3	400,840.0	92,549.0	-----	*435,866.0	15,902.0	140,830.3

* Includes Government deposits and [the item "due to other banks."]

* "Deposits" now include the item "Exchanges for Clearing House," which were reported on October 17 as \$13,503,000.

Imports and Exports for the Week.—The following are the imports at New York for the week ending Oct. 17; also totals since the beginning of the first week in January:

FOREIGN IMPORTS AT NEW YORK.

For Week.	1914.	1913.	1912.	1911.
Dry goods-----	\$2,919,157	\$3,254,433	\$3,264,229	\$2,635,837
General merchandise-----	14,826,057	16,621,748	23,271,897	13,935,140
Total-----	\$17,745,214	\$19,876,181	\$26,536,126	\$16,570,977
Since January 1.				
Dry goods-----	\$141,255,746	\$124,565,548	\$121,108,594	\$113,576,093
General merchandise-----	657,615,743	667,171,915	694,016,303	586,867,866
Total 42 weeks-----	\$798,871,489	\$791,737,463	\$815,124,897	\$700,443,959

The following is a statement of the exports (exclusive of specie) from the port of New York to foreign ports for the week ending Oct. 17 and from Jan. 1 to date:

EXPORTS FROM NEW YORK.

	1914.	1913.	1912.	1911.
For the week-----	\$15,664,857	\$15,913,135	\$16,318,947	\$12,781,866
Previously reported-----	670,837,494	691,848,212	653,056,102	610,359,916
Total 42 weeks-----	\$686,502,351	\$707,761,347	\$669,375,109	\$623,141,782

The following table shows the exports and imports of specie at the port of New York for the week ending Oct. 17 and since Jan. 1 1914, and for the corresponding periods in 1913 and 1912:

EXPORTS AND IMPORTS OF SPECIE AT NEW YORK.

Gold.	Exports.		Imports.	
	Week.	Since Jan. 1	Week.	Since Jan. 1
	\$	\$	\$	\$
Great Britain-----	-----	\$37,971,960	-----	\$17,366
France-----	-----	85,540,015	-----	124,195
Germany-----	-----	1,018,913	-----	3,602
West Indies-----	-----	935,049	\$5.70	1,630,640
Mexico-----	-----	1,105,524	-----	997,638
South America-----	\$57,446	1,177,853	55,952	3,076,453
All other countries-----	-----	355,300	44,331	1,578,058
Total 1914-----	\$57,446	\$128,104,614	\$105,983	\$7,427,952
Total 19 3-----	35,100	68,813,646	737,136	18,198,172
Total 19 2-----	32,100	33,015,585	2,660,154	24,749,307
Silver.				
Great Britain-----	\$501,344	\$28,580,416	-----	\$9,305
France-----	-----	3,204,408	-----	13,226
Germany-----	-----	-----	-----	18,413
West Indies-----	-----	202,895	5,895	50,455
Mexico-----	-----	91,346	127.89	3,675,041
South America-----	132,881	1,490,150	46,554	2,409,053
All other countries-----	-----	1,124,169	71,825	1,275,021
Total 1914-----	\$634,225	\$34,693,384	\$252,311	\$7,450,514
Total 1913-----	945,129	39,972,426	258,746	8,300,621
Total 1912-----	1,630,071	46,544,743	318,072	7,585,351

Of the above imports for the week in 1914, \$----- were American gold coin and \$5,895 American silver coin.

Bankers' Gazette.

Wall Street, Friday Night, October 23 1914.

Money Market and Financial Situation.—In view of the importance of an early opening of the New York Stock Exchange, the rehearing now in progress before the Interstate Commerce Commission in regard to the 5% increase in freight rates asked for by Eastern lines is a matter of much significance. As shown in these columns last week, the net earnings of the railroads of the country for the fiscal year ending June 30 1914 were \$111,000,000 less than those for the previous twelve months and now the additional embargo upon general business imposed by the European war makes the outlook for the current year extremely dubious. These facts have a tendency, of course, to weaken the market for railway securities and therefore make it impossible to trade in them to any considerable extent under the present restrictions enforced by the Stock Exchange.

They also make it practically certain that an unrestricted market would be flooded with such issues. If the railroads were permitted to increase rates, the value of these securities would obviously be enhanced and therefore one of the serious obstructions to an open market be removed.

It was thought early in the week that the presence in this country of a prominent British financier was for the purpose of consulting with officials and banking interests here for an opening of our Exchange simultaneously with the London Board. It has developed later that such opening was not the chief object of this visit, but that matters of a broader scope have been under discussion. It is now regarded as impracticable for either Exchange to open until the international financial situation is in a more normal condition. It is quite probable, therefore, that such opening would not be feasible until after the Christmas holidays.

In the meantime trading in bonds is steadily increasing and has even now reached considerable proportions; also the foreign exchange market is approaching more nearly to the normal, and money markets, both at home and abroad, are substantially easier. The latter has resulted in the retirement of emergency currency and Clearing-House certificates. Saturday's bank statement showed the deficit reduced over \$6,000,000, so that the latter is practically wiped out, amounting at the end of last week to less than \$1,000,000. It is well known that the receipts of currency this week have been largely in excess of shipments and new loans have been freely negotiated and commercial paper has found a broader market.

The Bank of England reports an addition of over \$4,000,000 to its gold holdings and an increased percentage of reserve.

Another matter to which increased attention is being given is that of financing the current cotton crop. Various plans for this are being considered and in view of its importance to all branches of the cotton industry it is hoped that a comprehensive plan will soon be reached. Progress in this matter has already advanced to such a stage that an early opening of the New York Cotton Exchange under certain restrictions is now being discussed.

The open market rates for call loans on the Stock Exchange during the week on stock and bond collaterals have ranged from 6% to 7%. Friday's rates on call were 6@7%. Commercial paper closed at 6@6½% for sixty to ninety-day endorsements and prime four to six months' single names. Good single names 7@7½%.

The Bank of England weekly statement on Thursday showed an increase of £827,366 in gold coin and bullion holdings, and the percentage of reserve to liabilities was 27.52, against 26.46 the week before. The rate of discount remains unchanged at 5%, as fixed Aug. 13. The Bank of France issued no statement.

In the following table the totals for all the Clearing-House members, both banks and trust companies, are compared with corresponding dates in 1913 and 1912.

NEW YORK CLEARING-HOUSE BANKS AND TRUST COMPANIES.

	1914. Averages for week ending Oct. 17.	Differences from previous week.	1913. Averages for week ending Oct. 18.	1912. Averages for week ending Oct. 19.
Capital (June 30).....	\$ 175,300,000	-----	\$ 179,900,000	\$ 178,900,000
Surplus (June 30).....	296,930,800	-----	305,760,200	296,139,600
Loans and Investments	2,171,513,000	Dec. 4,423,000	1,916,977,000	1,935,794,000
Circulation.....	146,227,000	Inc. 2,088,000	44,783,000	46,302,000
Deposits.....	1,931,447,000	Dec. 3,792,000	1,752,047,000	1,774,534,000
Specie.....	335,630,000	Inc. 4,678,000	328,149,000	326,350,000
Legal-tenders.....	98,936,000	Inc. 1,441,000	77,519,000	81,836,000
Cash reserve held.....	434,566,000	Inc. 6,119,000	405,668,000	408,186,000
Cash reserve required..	435,500,150	Dec. 738,200	396,031,250	399,633,000
Surplus.....	def. 934,150	Inc. 6,857,200	9,636,750	8,553,000

Foreign Exchange.—Substantial progress was made this week by the sterling exchange market toward normal conditions. The supply of grain bills was much better and a new and encouraging feature was the appearance of cotton bills in substantial volume.

To-day's (Friday's) actual rates for sterling exchange were 4 90¼@4 91 for sixty days, 4 94¼@4 94¼ for cheques and 4 95@4 95¼ for cables. Commercial on banks nominal and documents for payment nominal. Cotton for payment nominal. Grain for payment nominal.

There were no rates for sterling posted by prominent bankers this week. To-day's (Friday's) actual rates for Paris bankers' francs were nominal. Germany bankers' marks were nominal. Amsterdam bankers' guilders were nominal.

Exchange at Paris on London, not quoted.

Exchange at Berlin on London, not quoted.

The range for foreign exchange for the week follows:

	Sterling Actual— Sixty Days.	Cheques.	Cables.
High for the week---	4 93¾	4 97¾	4 98¾
Low for the week---	4 90¾	4 94¾	4 95
Paris Bankers' Francs—			
High for the week---	-----	5 05½	5 05
Low for the week---	-----	5 09½	5 08¾
Germany Bankers' Marks—			
High for the week---	-----	91¾	92
Low for the week---	-----	90¾	90¾
Amsterdam Bankers' Guilders—			
High for the week---	-----	41¾	41¾
Low for the week---	-----	40¾	41

Domestic Exchange.—Chicago, 20c. per \$1,000 premium. Boston, par. St. Louis, 50c. per \$1,000 premium bid and 60c. premium asked. San Francisco, 40c. per \$1,000 premium. St. Paul, 60c. per \$1,000 premium. Montreal, \$7.81¼ discount. Minneapolis, 60c. per \$1,000 premium. Cincinnati, 25c. per \$1,000 premium.

Owing to the fact that the New York Stock Exchange has remained closed since the afternoon of July 30, that business is also suspended at the Stock Exchanges at Boston, Philadelphia, Baltimore, Pittsburgh, Chicago, and nearly everywhere else in the United States, and that security dealings are carried on in only a very limited way, even the customary auction sales of securities at New York, Boston and Philadelphia having been discontinued for the time being, we are compelled to omit the 10 pages of stock and bond prices ordinarily appearing in this department.

^a Mexican currency. ^b Does not include earnings of Colorado Springs & Cripple Creek District Ry. from Nov. 1 1911. ^c Includes the New York & Ottawa, the St. Lawrence & Adirondack and the Ottawa & New York Ry., the latter of which, being a Canadian road, does not make returns to the Inter-State Commerce Commission. ^d Includes Evansville & Terre Haute and Evansville & Indiana R.R. ^e Includes the Cleveland Lorain & Wheeling Ry. in both years. ^f Includes the Northern Ohio R.R. ^g Includes earnings of Mason City & Fort Dodge and Wisconsin Minnesota & Pacific. ^h Includes Louisville & Atlantic and the Frankfort & Cincinnati. ⁱ Includes the Mexican International. ^j Includes the Texas Central and the Wichita Falls Lines. ^k Includes not only operating revenues, but also all other receipts. ^l Includes St. Louis Iron Mountain & Southern. ^m Includes the Northern Central beginning July 1 1914. ⁿ We no longer include the Mexican roads in any of our totals.

Latest Gross Earnings by Weeks.—In the table which follows we sum up separately the earnings for the second week of October. The table covers 36 roads and shows 15.19% decrease in the aggregate under the same week last year.

Second Week of October.	1914.	1913.	Increase.	Decrease.
	\$	\$	\$	\$
Alabama Great Southern	78,914	96,996	-----	18,082
Buffalo Rochester & Pittsburgh	214,325	275,017	-----	60,692
Canadian Northern	433,903	593,700	-----	99,800
Canadian Pacific	2,226,000	3,298,000	-----	1,072,000
Chesapeake & Ohio	794,647	708,921	85,726	-----
Chicago & Alton	293,204	350,210	-----	57,006
Chicago Great Western	352,499	337,325	15,174	-----
Chicago Indianapolis & Louisv.	130,850	151,043	-----	20,193
Cinc New Ori & Texas Pacific	173,605	213,078	-----	39,473
Colorado & Southern	291,448	280,210	11,239	-----
Western Pacific	125,000	165,600	-----	39,600
Denver & Rio Grande	498,600	553,700	-----	55,100
Denver & Salt Lake	34,017	19,509	14,508	-----
Detroit & Mackinac	21,964	24,035	-----	2,071
Duluth South Shore & Atlantic	54,762	76,494	-----	21,642
Georgia Southern & Florida	49,339	55,125	-----	5,786
Grand Trunk of Canada	-----	-----	-----	-----
Grand Trunk Western	1,012,328	1,083,182	-----	70,854
Detroit Grand Hav & Milw.	-----	-----	-----	-----
Canada Atlantic	-----	-----	-----	-----
Louisville & Nashville	1,015,535	1,307,665	-----	292,130
Mineral Range	14,505	3,545	10,960	-----
Minneapolis & St Louis	233,449	242,597	-----	9,148
Iowa Central	-----	-----	-----	-----
Minneapolis St Paul & S S M.	736,273	750,685	-----	14,412
Missouri Kansas & Texas	676,332	701,769	-----	25,437
Missouri Pacific	1,162,000	1,257,000	-----	95,000
Mobile & Ohio	194,905	270,079	-----	75,174
Nevada-California-Oregon	12,026	11,043	983	-----
Rio Grande Southern	13,455	15,182	-----	1,727
St Louis Southwestern	231,000	278,000	-----	47,000
Seaboard Air Line	379,004	501,542	-----	122,538
Southern Railway	1,272,206	1,533,468	-----	261,262
Tennessee Alabama & Georgia	1,858	2,264	-----	406
Texas & Pacific	385,172	403,117	-----	17,945
Toledo Peoria & Western	25,117	27,513	-----	2,396
Toledo St Louis & Western	101,025	96,686	4,339	-----
Total (36 roads)	13,300,265	15,684,210	142,929	2,526,874
Net decrease (15.19%)	-----	-----	-----	2,383,945

Net Earnings Monthly to Latest Dates.—The table following shows the gross and net earnings of STEAM railroads and industrial companies reported this week:

Roads.	Gross Earnings Current Year.	Gross Earnings Previous Year.	Net Earnings Current Year.	Net Earnings Previous Year.
	\$	\$	\$	\$
Baltimore & Ohio b	8,782,332	9,382,046	2,634,129	2,704,418
July 1 to Sept 30	25,629,396	28,043,933	7,673,468	8,358,735
Cent of New Jersey b	2,878,392	3,031,838	1,240,145	1,447,014
July 1 to Aug 31	5,602,994	5,979,664	2,364,073	2,788,150
Chic Ind & Louisv b	636,102	650,737	191,383	206,901
July 1 to Aug 31	1,232,169	1,232,627	357,677	369,980
Fairchild & Nor East b	2,877	1,967	def559	def193
July 1 to Sept 30	8,685	7,337	def2,660	35
Kansas City South b	859,165	876,352	299,029	338,337
July 1 to Sept 30	2,690,074	2,600,849	992,960	995,582
Lehigh Valley b	3,915,827	3,824,489	1,250,886	1,216,925
July 1 to Sept 30	11,268,255	11,429,678	3,590,214	3,671,985
Southern Pacific a	11,940,999	12,748,309	3,909,164	4,425,887
July 1 to Sept 30	35,246,076	36,763,410	10,545,615	11,654,362
Wheeling & Lake Erie b	569,727	822,980	186,292	263,152
July 1 to Sept 30	1,673,362	2,386,944	479,047	679,700

INDUSTRIAL COMPANIES.

Companies.	Gross Earnings Current Year.	Gross Earnings Previous Year.	Net Earnings Current Year.	Net Earnings Previous Year.
	\$	\$	\$	\$
Cities Service	279,412	147,697	268,836	138,529
Jan 1 to Sept 30	2,858,308	1,227,522	2,775,762	1,156,240
Dayton Pow & Light	73,991	62,925	33,174	25,741
Ft Worth Pow & Light	76,537	58,486	41,067	33,412
Oct 1 to Sept 30	859,555	612,547	460,657	352,396
Kansas Gas & Elec a	80,249	68,670	32,361	24,559
Oct 1 to Sept 30	1,130,585	985,112	410,827	347,692
Kings Co El Lt & Pow, incl Ed El Ill Co of Bklyn a	4,550,391	4,073,972	1,446,369	1,506,629
Jan 1 to Sept 30	-----	-----	-----	-----
Los Angeles Gas a	278,052	261,447	82,322	77,142
Pacific Power & Light a	128,141	121,252	69,015	65,986
Oct 1 to Sept 30	1,350,125	1,276,809	700,584	608,836
Penn Cent Lt & Pow	67,408	63,558	26,512	23,996
Mar 1 to Sept 30	459,242	434,394	184,041	168,260
Portland Gas & Coke a	108,450	100,096	58,576	51,416
Oct 1 to Sept 30	1,301,752	1,253,842	673,826	627,283
Southern Cal Ed	411,997	419,591	223,783	206,485
Jan 1 to Sept 30	3,557,171	3,525,021	1,791,251	1,744,824
Southw Pow & Lt a	245,921	194,461	122,626	90,941
Oct 1 to Sept 30	2,703,529	2,158,599	1,223,594	976,016
Texas Power & Light a	146,086	103,129	60,246	39,405
Oct 1 to Sept 30	1,533,196	1,113,459	534,277	430,325
Westerly Light & Power Aug	14,832	13,197	8,479	5,917
Jan 1 to Aug 31	89,273	80,935	39,794	32,254

a Net earnings here given are after deducting taxes.
b Net earnings here given are before deducting taxes.

Interest Charges and Surplus.

Roads.	Int., Rentals, &c.— Current Year.	Int., Rentals, &c.— Previous Year.	Bal. of Net Earnings— Current Year.	Bal. of Net Earnings— Previous Year.
	\$	\$	\$	\$
Cent of New Jersey	673,490	711,995	566,655	735,018
July 1 to Aug 31	1,351,213	1,376,399	1,012,860	1,411,751

INDUSTRIAL COMPANIES.

Companies.	Int., Rentals, &c.— Current Year.	Int., Rentals, &c.— Previous Year.	Bal. of Net Earnings— Current Year.	Bal. of Net Earnings— Previous Year.
	\$	\$	\$	\$
Cities Service	40,833	15,614	228,003	122,915
Jan 1 to Sept 30	297,498	54,082	2,478,262	1,102,158
Dayton Pow & Light	17,405	16,752	26,550	21,093
Ft Worth Pow & Light	9,780	7,417	31,287	25,995
Oct 1 to Sept 30	100,065	77,375	360,592	275,021
Kansas Gas & Elec	15,749	14,754	16,612	9,805
Oct 1 to Sept 30	179,659	172,007	231,168	175,685
Kings Co El Lt & Pow, incl Ed El Ill Corp of Bklyn	644,939	660,504	285,159	289,679
Jan 1 to Sept 30	-----	-----	-----	-----
Pacific Power & Light	32,300	24,069	36,715	41,917
Oct 1 to Sept 30	374,379	325,246	326,205	283,590

Roads.	Int., Rentals, &c.— Current Year.	Int., Rentals, &c.— Previous Year.	Bal. of Net Earnings— Current Year.	Bal. of Net Earnings— Previous Year.
	\$	\$	\$	\$
Portland Gas & Coke	22,865	21,819	35,711	29,597
Oct 1 to Sept 30	269,384	243,983	404,442	383,300
Southern Cal Ed	79,842	74,876	2149,676	2134,130
Jan 1 to Sept 30	689,936	628,984	21,165,838	21,141,936
Texas Power & Light	17,840	19,226	42,406	20,179
Oct 1 to Sept 30	248,479	178,038	285,798	252,287
Westerly Light & Power Aug	1,889	1,724	6,590	4,193
Jan 1 to Aug 31	14,782	13,803	25,012	18,451

x After allowing for other income received.

EXPRESS COMPANIES.

	Month of August— 1914.	Month of August— 1913.	July 1 to Aug. 31— 1914.	July 1 to Aug. 31— 1913.
	\$	\$	\$	\$
Northern Express Co.	273,161	323,220	600,961	657,794
Total from transportation	144,433	172,500	318,405	350,506
Express privileges—Dr	128,728	150,720	282,555	307,288
Revenue from transportation	3,398	3,305	6,601	6,638
Oper. other than transp'n	-----	-----	-----	-----
Total operating revenues	132,127	154,025	289,156	313,927
Operating expenses	93,001	95,939	193,547	196,803
Net operating revenue	39,125	58,086	95,609	117,123
Uncollectible rev. from trans.	21	2	30	7
Express taxes	5,000	4,500	10,000	9,000
Operating income	34,103	53,583	85,579	108,116

ELECTRIC RAILWAY AND TRACTION COMPANIES.

Name of Road.	Latest Gross Earnings.			Jan. 1 to latest date.	
	Week or Month.	Current Year.	Previous Year.	Current Year.	Previous Year.
		\$	\$	\$	\$
American Rys Co...	September	460,132	459,833	4,065,092	3,897,359
Atlantic Shore Ry...	September	36,181	33,077	285,965	298,090
cAur Elgin & Chic Ry	August	205,384	210,926	1,354,855	1,324,913
Bangor Ry & Electric	August	72,661	74,248	509,152	496,158
Baton Rouge Elec Co	August	14,158	13,862	116,051	101,980
Belt L Ry Corp (NYC)	June	64,196	63,527	360,936	372,128
Berkshire Street Ry	August	100,431	111,090	651,213	677,056
Brazilian Trac, L & P	August	1691,872	2038,340	15,555,488	15,624,438
Brock & Plym St Ry	August	16,236	17,289	82,725	87,638
Bklyn Rap Tran Syst	June	2461,564	2474,193	13,196,219	12,772,394
Cape Breton Elec Co	August	32,742	33,454	231,529	240,623
Chattanooga Ry & Lt	August	91,032	99,752	735,842	790,281
Cleve Painesv & East	July	46,695	46,001	242,988	234,541
Cleve Southw & Col	August	123,058	129,052	837,571	824,768
Columbus (Ga) El Co	August	54,600	50,403	434,828	387,811
Connwth Pow, Ry & L	September	204,020	194,220	2,132,611	2,151,276
Connecticut Co	August	802,418	839,002	5,404,250	5,543,939
Consum Pow (Mich)	September	275,524	253,340	2,484,361	2,262,485
Cumb Co (Me) P & L	August	272,799	251,278	1,668,389	1,531,505
Dallas Electric Co	August	174,775	180,734	1,467,881	1,384,288
Detroit United Lines	4th wk Sept	281,701	293,720	9,070,049	9,545,441
D D E B & Bat (Rec)	June	44,459	51,782	256,719	300,659
Duluth-Superior Trac	August	116,829	117,097	876,489	834,294
East St Louis & Sub.	August	219,250	228,532	1,768,801	1,718,106
El Paso Electric Co	August	86,433	65,590	685,675	570,152
42d St M & St N Ave	June	162,957	161,785	900,631	933,276
Galv-Hous Elec Co	August	228,733	223,139	1,651,631	1,564,297
Grand Rapids Ry Co	August	114,380	116,159	851,155	859,834
Harrisburg Railways	September	81,575	78,987	747,682	740,942
Havana El Ry, L & P	Wk Oct 18	52,339	54,575	2,230,514	2,272,729
Railway Dept.	August	24,573	25,115	193,034	205,507
Houghton Co Tr Co.	August	424,660	430,291	3,704,561	3,619,891
b Hudson & Manhat.	September	702,412	654,338	6,053,924	5,725,952
Illinois Traction	August	2429,356	2348,789	22,456,468	21,451,316
Interboro Rap Tran.	August	55,798	55,255	465,919	443,883
Jacksonville Trac Co	August	11,388	11,719	88,805	91,124
Key West Electric	July	151,999	154,483	810,105	788,183
Lake Shore Elec Ry	September	173,649	164,620	1,385,876	1,297,448
Lehigh Valley Transit	August	76,293	81,046	452,778	457,900
Lewis Aug & Waterv.	June	25,214	25,815	110,279	109,221
Long Island Electric.	August	261,034	274,139	2,121,641	2,127,429
Louisville Railway	August	479,262	508,894	3,990,523	3,952,978
Milw El Ry & Lt Co.	August	151,649	150,026	1,013,475	947,460
Milw Lt, Ht & Tr Co	June	90,857	78,737	494,717	442,066
Monongahela Val Tr.	June	58,617	55,181	321,601	293,867
N Y City Interboro	June	37,509	38,931	183,331	190,382
N Y & Long Island	June	15,799	15,504	76,740	75,090
N Y & North Shore	June	125,931	135,525	649,663	673,175
N Y & Queens Co	June	1175,972	1149,276	6,685,682	7,027,810
New York Railways.	August	36,139	34,570	269,008	237,642
N Y Westches & Bos.	August	52,391	50,050	263,387	265,671
N Y & Stamford Ry.	August	17,785	19,450	123,583	125,481
Northampton Trac.	August	343,543	339,306	2,416,902	2,155,676
Nor Ohio Trac & Lt.	August	174,662	185,883	1,402,163	1,376,110
North Texas Elec Lt.	August	40,508	47,190	241,806	250,441
North Pennsylv Ry	June	18,668	18,273	54,260	43,820
Ocean Electric (L I).	August	24,804	26,312	199,311	189,126
Paducah Tr & Lt Co	August	22,669	24,953	185,546	188,064
Pensacola Electric Co	September	1949,439	1999,343	17,829,945	17,967,039
Phila Rap Tranist Co	August	487,264	556,152	4,269,928	4,418,046
Port(Ore) Ry,L&PCo.	August	121,027	130,854	705,499	708,429
Portland (Me) RR	August	689,028	723,529	5,652,046	5,608,510
Puget Sound Tr, L & P	September	245,879	250,962	2,599,173	2,193,403
Republic Ry & Light	August	535,817	557,850	3,616,872	3,663,565
Rhode Island Co.	June	38,252	41,573	173,657	174,625
Richmond Lt & RR.	September	101,596	106,445	958,580	921,169
St.Joseph (Mo) Ry,Lt.	August	38,624	38,418	309,984	302,452
Heat & Power Co.	August	71,339	70,985	568,360	545,105
Santiago El Lt & Tr.	June	87,597	94,533	437,242	505,475
Savannah Electric Co	June	20,364	20,547	105,787	97,086
Second Avenue (Rec)	June	32,767	34,312	135,610	131,929
Southern Boulevard	August	82,811	71,624	650,814	538,730
Staten Isl Midland.	June	344,063	362,083	1,963,178	2,004,296
Tampa Electric Co.	August	507,912	538,322	4,059,097	3,932,186
Third Avenue	4th wk Sep	228,615	222,049	6,936,975	6,561,981
Toronto Street Ry	August	255,702	263,886	1,317,441	1,312,389
Twin City Rap Tran.	August	1028,439	1076,174	8,391,773	8,363,824
Union Ry Co of N Y C	September	424,984	414,861	3,851,928	3,711,871
United Rys of St L.	August	74,839	84,825	527,567	557,306
Virginia Ry & Power.	June	56,781	60,600	277,269	272,776
Wash Balt & Annap.	August	27,734	26,612	170,109	166,906
Westchester Electric.	September	226,759	226,464	1,994,106	1,892,200
Westchester St RR	August	54,374	62,109	498,967	480,125
Western Rys & Light	June	64,585	66,811	345,039	328,605
Wisconsin Gas & Elec	September	62,958	62,142	583,472	558,465
Yonkers Railroad.	August	25,461	25,564	170,921	164,473
York Railways	September	16,564	15,861	133,869	129,477
Youngstown & Ohio					
Youngstown & South					

ANNUAL REPORTS.

Annual Reports.—An index to annual reports of steam railroads, street railways and miscellaneous companies which have been published during the preceding month will be given on the last Saturday of each month. This index will not include reports in the issue of the "Chronicle" in which it is published. The latest index will be found in the issue of Sept. 26. The next will appear in that of Oct. 31.

Chicago Great Western RR.

(Report for Fiscal Year ending June 30 1914.)

Extended extracts from the remarks of President Felton will be found on subsequent pages.

Below we give comparative statistics for several years. The comparative balance sheets were shown in the "Chronicle" of Sept. 5, 1914, page 671.

NUMBER AND CAPACITY OF LOCOMOTIVES & CARS IN SERVICE

	June 30 1914.	Inc.	June 30 1914.	Dec.
Locomotives	294	5	Freight-train cars	10,779
Tractive power (tons)	4,925	104	Total capacity (tons)	250
Passenger-train cars	175	6	(exclud. cabooses)	368,535

FREIGHT TONNAGE YEARS ENDING JUNE 30—PRODUCTS OF

Year—	Agricult.	Animals.	*Mines.	Forests.	Manuf'rs.	Miscell.
1913-14	1,497,437	376,970	1,525,462	414,834	1,334,482	408,673
1912-13	1,423,353	356,973	1,406,027	409,981	1,299,768	410,672
1911-12	1,468,759	339,451	1,430,519	356,344	1,099,657	359,748
1910-11	1,365,173	334,391	1,479,478	342,383	1,121,062	380,592

*Includes 836,014 tons of bituminous coal in 1913-14, against 833,942 tons in 1912-13, 908,096 tons in 1911-12 and 889,533 tons in 1910-11.

OPERATIONS, EARNINGS AND EXPENSES.

Operations—	1913-14.	1912-13.	1911-12.	1910-11.
Average miles operated	1,496	1,496	1,496	1,492
Tons fght. (rev.) carried	5,557,858	5,306,774	5,054,478	5,023,079
Tons (revenue) 1 mile	1364026.080	1337724.849	1225238.896	1227893.035
Revenue per ton per mile	0.729 cts.	0.732 cts.	0.725 cts.	0.718 cts.
Av. train load, rev. (tons)	475	450	400	369
No. passengers carried	2,817,637	2,651,096	2,500,014	2,651,371
Pass. carried 1 mile	160,199,058	153,998,072	143,642,671	149,225,662
Rev. per pass. per mile	2.001 cts.	2.042 cts.	2.013 cts.	1.906 cts.
Oper. revenue per mile	\$9.531	\$9.357	\$8.552	\$8.456
Operating Revenue—				
Freight	9,943,575	9,795,074	8,879,748	8,820,370
Passenger	3,205,992	3,144,284	2,891,153	2,844,470
Mail, express & miscell.	1,009,567	962,057	933,364	858,863
Other than transport'n	101,388	99,203	90,977	94,939
Total oper. revenue	14,260,522	14,000,618	12,795,242	12,618,642
Operating Expenses—				
Maint. of way, &c.	2,024,458	1,688,800	1,491,289	1,533,301
Maint. of equipment	2,367,235	2,067,288	1,960,039	1,871,429
Traffic expenses	577,744	565,649	560,482	557,367
Transportation expenses	5,428,497	5,524,434	5,583,134	5,056,158
General expenses	433,234	413,571	411,289	423,751
Total	10,831,168	10,260,142	10,006,233	9,442,006
Net revenue	3,429,354	3,740,476	2,789,009	3,176,636
Outside operations, net	def. 3,249	sur. 2,293	def. 1,755	sur. 1,394
Total net revenue	3,426,105	3,742,769	2,787,254	3,178,030
Taxes	499,082	439,419	406,725	354,503
Operating income	2,927,023	3,303,350	2,380,529	2,793,527
Income from secur., &c.	63,935	70,347	75,956	87,419
Rentals & miscellaneous	82,205	48,128	50,614	27,492
Total income	3,073,163	3,421,825	2,507,100	2,908,438
Deduct—				
Int. on C. G. W. bonds	1,033,720	917,500	917,500	824,500
Int. M. C. & Ft. D. bds.	480,000	480,000	480,000	480,000
Int. on W. M. & P. bds.	—	232,440	232,440	232,440
Other interest	1,250	1,683	2,147	2,195
Property rental paid	592,850	587,775	598,192	621,664
Hire of equip. (bal.)	50,400	Cr. 56,905	75,905	def. 26,127
Miscellaneous	19,013	14,293	17,308	5,859
Total deductions	2,177,233	2,176,786	2,323,491	2,140,531
Balance, surplus	895,930	1,245,039	183,609	767,908

—V. 99, p. 1051; 673, 671.

New York New Haven & Hartford Railroad.

(Report for Fiscal Year ending June 30 1914.)

The usual comparative four-year tables of operations and earnings for the parent company were given on pages 1125 and 1126 of last week's "Chronicle."

The remarks from the report of Howard Elliott, Chairman of the board and President of the company, together with a two-year comparison of income account and general balance sheets, the profit and loss account and other important tables, will be found on subsequent pages.

Below we give further data regarding the electrification of the main line, also the status and earnings of a number of the associated properties:

Electrification of Main Line to New Haven.—The electrification of main-line tracks, the freight yards at South Norwalk and Bridgeport, and the sidings at intermediate points, has been completed and placed in operation, commercial passenger service having been inaugurated on June 22 1914. At present 40 passenger trains are being operated, electrically between New Haven and New York and approximately 16 freight trains are being hauled daily by electric locomotives between Harlem River, Bridgeport and New Haven. This includes approximately 50% of the passenger train service between Stamford and New Haven on week days, and on Sundays the entire passenger train service. The present eastern terminus of the electric zone is at New Haven. The extension to Cedar Hill will be completed and put into service some time in October, when the transfer from steam to electric motive power will be made at Cedar Hill.

The electric haulage of freight trains should increase the capacity of this part of the road and give better service.

The capacity of the Cos Cob power station has been increased from 15,000 k.w. to 35,000 k.w. Steps are now being taken to increase the output at Cos Cob, and to purchase power from the N. Y. Edison Co., on such terms as will justify your company in deferring outlay of capital.

The electrical shops at Van Nest were completed and took over the heavy repair work on electrical equipment from Stamford to Van Nest in Sept. 1913.

New York Connecting RR.—Construction work on this jointly-owned road is progressing on the most difficult section, which includes the large bridges over the East River, Little Hell Gate and the Bronx Kills. During the year \$16,000,000 4½% 1st M. bonds were sold, guaranteed (p. & l.) by your company and the Penna. RR. Co. The proceeds were used to retire its \$7,000,000 of three months' 5% notes, due Nov. 21 1913, issued to pay for real estate and construction, and the balance is being used for construction purposes (V. 97, p. 1504; V. 98, p. 1316).

New York Ontario & Western Ry.—The results during the year did not justify a dividend; consequently we received no income on the 291,600 shares of common stock for the past year (see V. 99, p. 889).

N. Y. Westchester & Boston Ry. Co.—The gross operating revenue during the past fiscal year increased 39%; operating expenses decreased 8%. 3,062,935 passengers were handled, an increase of 31%. The deficit from operation was \$30,154, a reduction and consequently a gain of \$149,760

Roads.	Gross Earnings— Current Year.	Previous Year.	Net Earnings— Current Year.	Previous Year.
Aurora Elgin & Chic. a. Aug	205,384	210,926	86,530	97,028
July 1 to Aug 31	416,145	419,676	177,403	189,987
Brockton & Plymouth a. Aug	16,237	17,289	7,987	8,037
Jan 1 to Aug 3	82,725	87,638	16,101	22,341
Brooklyn Rap Trans. a—				
July 1 to Sept 30	7,239,787	6,606,299	2,967,052	2,706,546
Columbus Electric a. Aug	54,600	50,403	30,615	26,698
Jan 1 to Aug 31	434,828	387,811	246,564	182,014
Com'w'th P. Ry & Lt. a. Sept	204,020	194,220	194,670	186,111
Jan 1 to Sept 30	2,132,611	1,518,276	2,046,302	1,459,734
Consum's Pow (Mich) a. Sept	275,524	253,340	164,724	113,993
Jan 1 to Sept 30	2,484,361	2,262,485	1,433,203	1,073,110
Harrisburg Rys. Sept	81,575	78,987	17,726	10,357
Jan 1 to Sept 30	747,682	740,942	125,714	136,543
Illinois Traction a. Sept	702,412	654,338	293,990	261,987
Jan 1 to Sept 30	6,053,924	5,725,952	2,333,623	2,294,886
Lehigh Valley Tran. b. Sept	173,649	164,620	90,479	83,853
Jan 1 to Sept 30	1,385,876	1,297,448	703,991	630,480
Pacific Gas & Electric. Sept	1,444,393	1,359,237	712,814	593,246
Jan 1 to Sept 30	12,730,411	11,865,842	6,131,328	4,909,187
Phila Rapid Transit. Sept	1,949,349	1,999,343	835,475	845,277
July 1 to Sept 30	5,813,676	5,965,988	2,450,992	2,463,432
Puget Sd Tr. L & P. a. Aug	689,028	723,529	284,578	313,507
Jan 1 to Aug 31	5,652,046	5,608,510	2,275,172	2,283,279
Republic Ry & Light. a. Sept	245,879	250,962	97,100	98,613
Jan 1 to Sept 30	2,259,173	2,193,403	910,844	818,453
Virginia Ry & Power. b. Sept	424,984	414,861	212,545	205,954
July 1 to Sept 30	1,314,988	1,293,476	680,423	658,793
Western Rys & Light. a. Sept	226,759	226,464	101,966	93,992
Jan 1 to Sept 30	1,994,106	1,892,200	793,452	697,737

a Net earnings here given are after deducting taxes.

b Net earnings here given are before deducting taxes.

c Includes earnings of Coney Island & Brooklyn for 1914.

Interest Charges and Surplus.

Roads.	Int., Rentals, &c.— Current Year.	Previous Year.	Bal. of Net Earnings— Current Year.	Previous Year.
Aurora Elgin & Chicago Aug	35,475	34,096	a51,055	a62,932
July 1 to Aug 31	70,986	67,558	a106,417	a122,429
Brockton & Plymouth Aug	1,091	1,096	6,896	6,940
Jan 1 to Aug 31	8,608	8,841	7,493	13,509
Brooklyn Rap Transit—				
July 1 to Sept 30	1,162,535	1,234,261	1,920,224	1,577,413
Columbus Electric Aug	28,791	24,489	1,824	2,209
Jan 1 to Aug 31	209,416	137,133	37,148	44,881
Com'w'th Pow. Ry & Lt. Sept	50,000	51,467	144,670	134,644
Jan 1 to Sept 30	505,958	238,561	1,540,344	1,221,172
Consum's Pow (Mich) Sept	95,420	85,003	69,304	28,990
Jan 1 to Sept 30	665,861	582,489	767,341	490,622
Lehigh Valley Tran. Sept	57,916	47,224	32,563	36,629
Jan 1 to Sept 30	515,372	415,108	188,617	215,372
Phila Rapid Transit. Sept	807,969	801,001	27,505	44,275
July 1 to Sept 30	2,426,098	2,398,646	24,894	64,785
Puget Sound Tr. L & P. Aug	156,457	153,113	128,121	160,394
Jan 1 to Aug 31	1,235,164	1,198,959	1,040,008	1,084,319
Republic Ry & Light. Sept	57,793	60,437	39,308	38,176
Jan 1 to Sept 30	514,279	526,424	396,566	292,029
Virginia Ry & Power. Sept	136,038	132,720	184,530	181,782
July 1 to Sept 30	409,957	397,925	1,291,383	1,285,200
Western Rys & Light. Sept	59,076	51,736	42,890	42,256
Jan 1 to Sept 30	534,851	458,859	258,602	238,878

z After allowing for other income received.

a Exclusive of depreciation and amortization to be included when amounts have been determined.

New York Street Railways.

Roads.	Gross Earnings—		Net Earnings—	
	Current Year. \$	Previous Year. \$	Current Year. \$	Previous Year. \$
Hudson & Manhattan a June	306,870	297,865	c156,397	c157,351
Jan 1 to June 30-----	1,938,266	1,904,868	1,061,174	1,043,647
Interbor Rap T (Sub) a June	1,407,327	1,291,649	873,988	714,806
Jan 1 to June 30-----	9,396,799	8,868,972	6,013,084	5,243,399
Interboro Rap T (El) a June	1,307,341	1,299,622	621,457	612,323
Jan 1 to June 30-----	8,119,144	7,891,730	3,904,352	3,739,494
Tot Interbor R T a June	2,714,668	2,591,271	1,495,445	1,327,127
Jan 1 to June 30-----	17,515,943	16,760,698	9,917,436	8,982,891
Brooklyn Rap Trans. a June	2,461,564	2,474,193	935,307	1,000,183
Jan 1 to June 30-----	13,196,219	12,772,394	4,550,732	4,388,994
New York Railways a June	1,175,972	1,149,276	87,207	290,702
Jan 1 to June 30-----	6,685,682	7,027,810	1,687,977	2,254,528
Belt Line-----a June	64,196	63,527	8,861	19,226
Jan 1 to June 30-----	360,936	372,128	52,153	82,969
Second Ave. a-----June	87,597	94,533	29,867	31,182
Jan 1 to June 30-----	437,242	505,475	72,045	103,903
Third Ave. a-----June	344,063	362,083	184,880	151,526
Jan 1 to June 30-----	1,963,178	2,004,296	775,383	794,418
Dry Dock E B & Bat. a June	44,459	51,782	13,832	12,802
Jan 1 to June 30-----	256,719	300,559	10,892	78,308
42d St M & St N Av. a June	162,957	161,785	79,912	75,994
Jan 1 to June 30-----	900,631	933,276	310,648	367,673
N Y City Interboro. a June	58,617	55,181	31,565	8,063
Jan 1 to June 30-----	321,601	293,867	89,533	35,311
Southern Boulevard. a June	20,364	20,547	8,191	6,200
Jan 1 to June 30-----	105,787	97,086	17,409	def1,947
Union Ry of N Y C. a June	255,702	263,886	57,172	78,760
Jan 1 to June 30-----	1,317,441	1,312,389	182,637	275,433
Westchester Electric. a June	56,781	60,600	2,752	24,497
Jan 1 to June 30-----	277,269	272,776	28,272	44,454
Yonkers-----a June	64,585	66,811	21,549	18,635
Jan 1 to June 30-----	345,039	328,605	39,108	83,556
Long Island Electric. a June	25,214	25,815	6,957	7,342
Jan 1 to June 30-----	110,279	109,221	def7,255	2,600
N Y & Long Isl Trac. a June	37,509	38,931	13,583	3,257
Jan 1 to June 30-----	183,331	190,382	14,386	def6,286
N Y & North Shore. a June	15,799	15,504	4,401	2,399
Jan 1 to June 30-----	76,740	75,090	13,085	4,497
N Y & Queens Co. a-----June	125,931	135,525	28,311	37,304
Jan 1 to June 30-----	649,663	673,175	69,285	88,458
Ocean Elect (S I) a-----June	18,668	18,273	10,871	10,770
Jan 1 to June 30-----	54,260	48,820	15,142	def 272
Richmond Lt & RR. a-----June	38,252	41,578	3,005	4,488
Jan 1 to June 30-----	173,657	174,625	def30,498	def40,665
Staten Island Mid. a-----June	32,767	34,312	9,284	10,775
Jan 1 to June 30-----	135,610	131,929	12,512	20,495

over the previous year, or 83%. Since April 1 1914 the revenues have been sufficient to pay operating expenses and leave a surplus applicable to taxes. It is estimated that the earnings for the present fiscal year will pay operating expenses and taxes. The Lenox Ave. branch of the N. Y. City subway to the Westchester station at 180th St. should be completed within a year, also the work of third-tracking the Third Ave. Elevated RR. is under way, as well as on the Lexington Ave. subway and its extension through the eastern section of the Bronx, from all of which the Westchester Co. should derive increased business.

Our income account was charged with the guaranteed bond interest, \$864,000, but was not credited with the \$434,396 of unpaid interest on bonds and notes, &c., held by your company; nor for accrued interest (\$176,803) on the notes of the Millbrook Co. (V. 97, p. 1211).

Boston & Maine RR.—No dividends were paid on the stock of the Boston & Maine RR. [see annual report in V. 99, p. 1126—Ed.], consequently we received no dividends on our holdings of Boston Railroad Holding Co. stock. Under our guaranty we charged income with \$112,000 for dividend on the pref. stock in the hands of the public and \$27,000 taxes, organization expenses, &c., of the holding company.

Boston & Albany RR.—Because of the demands of the Department of Justice, the agreement with the N. Y. Central to share equally in the net results of the operation of the Boston & Albany RR. was terminated as of Jan. 31 1914. In the final settlement there will be certain increased charges on account of depreciation adjustment on equipment. Your company has also withdrawn so far as it legally may from the agreement for the acquisition of a one-half interest in certain equipment provided by the N. Y. Central Co. under "Boston & Albany Equipment Trust of 1912."

Central New England Ry.—The results the past year justified a pref. dividend of \$4 per share and the \$149,480 paid your company was credited to income. An additional \$2,632,000 1st M. 4% bonds, due 1961, has been issued, but they are held in the Central New England treasury. Operating expenses increased \$550,160, or 28%, principally due to taking over the operation of the line between Danbury and Hopewell Junction, N. Y., 35.56 miles of double track, effective Sept. 1 1913. Some increase also resulted from increased wages and N. Y. State full-crew bill. Total revenue train mileage increased 372,159, or 31% (V. 99, p. 608, 817).

INCOME ACCOUNTS OF ELECTRIC RAILWAYS

	—Rhode Island Co.—		—Connecticut Co.—		—N. Y. W. & B.—	
	1913-14.	1912-13.	1913-14.	1912-13.	1913-14.	1912-13.
Operating Revenue—						
Freight	231,178	230,644	345,731	314,804	13,035	4,091
Passenger	4,977,105	4,900,951	7,512,747	7,904,805	352,971	268,918
All oth. trans. rev.	63,139	61,131	114,553	127,404	15,804	3,607
Other than transp'n.	107,727	129,921	112,368	107,611	18,870	12,412
Total revenue	5,379,149	5,322,647	8,085,399	8,454,625	400,680	289,028
Operating Expenses—						
Maint. way, &c.	489,734	430,069	1,124,753	995,973	85,175	105,477
Maint. equipment	360,434	349,130	542,803	655,669	20,283	34,168
Oper. power plants	552,377	486,053	876,443	976,981	—	—
Oper. of cars	1,436,797	1,256,349	1,860,122	1,954,971	264,844	278,432
General expenses	465,613	495,341	619,646	632,559	50,931	35,084
Miscell. expenses	134,305	119,494	162,113	155,550	9,601	15,781
Total oper. exp.	3,439,260	3,136,437	5,185,880	5,371,702	430,834	468,942
Net earnings	1,939,889	2,186,210	2,899,519	3,082,923	def30,154	def179,914
Other income	144,659	134,336	260,523	62,078	20,157	9,536
Total income	2,084,548	2,320,546	3,160,042	3,145,001	3def170,378	3def170,378
Taxes	457,539	425,176	581,509	496,824	129,052	105,605
Int., rentals, &c.	1,279,366	1,225,319	1,077,461	1,039,155	1,369,056	1,130,016
Dividends	—	581,130	1,500,000	1,500,000	—	—
Bal., sur. or def.	sur347,643	sur88,921	sur1,072	sur109,022	def1498,105	def1406,000

Note.—The foregoing companies are described in the "Electric Railway Section."

Central New England Ry.						
Fiscal Year—	Operating Revenue.	Net (after Taxes).	Other Income.	Interest, Rentals, &c.	Dividends Paid.	Balance, Surplus.
1913-14	\$3,764,255	\$1,122,048	\$27,219	\$919,246	\$149,888	\$80,133
1912-13	3,708,971	1,619,214	54,250	759,048	—	914,416
New England Navigation Co. (see text above).						
1913-14	\$2,841,298	—	—	\$1,463,844	\$1,358,651	\$18,803
1912-13	3,324,002	—	—	1,336,676	1,855,000	132,326
Hartford & New York Transportation Co.						
1913-14	\$1,096,499	\$138,272	\$46,851	\$99,158	\$37,500	\$48,465
1912-13	1,157,338	122,119	51,132	108,966	75,000	def10,714
Housatonic Power Co.						
1913-14	\$560,019	\$203,568	\$396,100	\$521,161	—	\$78,507
1912-13	549,419	239,184	401,148	520,574	\$120,000	def243
New Bedford Martha's Vineyard & Nantucket Steamboat Co.						
1913-14	\$232,704	\$65,914	—	\$3,206	\$14,170	\$48,538
1912-13	209,470	33,022	—	7,392	8,502	17,128
Berkshire Street Railway.						
1913-14	\$994,467	\$129,889	\$2,349	\$204,745	—	def\$72,507
1912-13	979,068	71,371	1,430	164,663	—	def91,861
New York & Stamford Railway.						
1913-14	\$371,462	\$86,947	\$458	\$93,229	—	def\$5,824
1912-13	370,101	49,784	407	89,748	—	def\$6,557
Westchester Street RR.						
1913-14	\$252,187	\$18,173	\$205	\$13,494	—	\$4,884
1912-13	242,508	def44,298	221	10,677	—	def\$4,754
Millbrook Co.						
1913-14	\$67,444	def\$21,408	—	\$201,264	—	def\$22,672
1912-13	75,516	def2,041	—	177,103	—	def\$179,144
New England Steamship Co.						
1913-14	\$4,697,212	\$640,149	\$101,475	\$819,427	—	def\$77,803
1912-13	4,916,724	523,154	58,652	936,876	—	def\$355,071
Westport Water Co.						
1913-14	\$30,041	\$11,390	dr.\$10	\$9,715	—	\$1,665
1912-13	25,697	5,830	9	8,563	—	def\$2,724
Waterbury Gas Light Co.						
1913-14	\$89,516	\$24,890	\$26,371	\$15,133	\$31,200	\$4,928
Watertown Gas Co.						
1913-14	\$3,340	\$663	\$315	\$47	—	\$931

BALANCE SHEETS JUNE 30 OF LEADING ALLIED COMPANIES.

	—Connecticut Company—		—Rhode Island Company—	
	1914.	1913.	1914.	1913.
Assets—				
Physical property	\$44,611,161	\$43,788,825	\$13,131,624	\$11,562,709
Stocks of controlled, &c., cos.	90,019	217,447	a2,189,631	a2,189,631
Bonds of controlled, &c., cos.	30,000	—	108,745	108,745
Other investments	3,294,551	2,902,378	—	—
Cash	241,665	356,230	966,425	192,616
Loans and bills receivable	25,820	32,580	11,995	11,374
Marketable securities	—	—	252,990	252,990
Agents and conductors	32,248	43,574	38,645	63,709
Materials and supplies	467,854	590,042	440,012	444,263
Miscellaneous accounts	268,407	151,643	79,126	69,979
Unmatured int., dividends, &c.	41,394	46,428	27,835	1,850
Other deferred debit items	76,474	18,513	134,014	89,158
Total	\$49,179,593	\$48,147,660	\$17,381,042	\$14,987,024
Liabilities—				
Capital stock	\$40,000,000	\$40,000,000	\$9,685,500	\$9,685,500
Loans and bills payable	2,175,000	800,000	4,500,000	2,425,000
Accounts payable	361,024	695,550	23,870	17,343
Vouchers and wages	—	—	261,007	212,932
Matured interest, &c.	—	—	118,380	117,550
Miscellaneous accounts	45,083	51,180	10,389	8,101
Accrued interest, rents, &c.	99,526	88,606	64,077	45,477
Deferred liability account net assets Conn. Ry. & Lighting.	625,287	626,287	—	—
Other deferred credit items	4,664	3,079	5,335	6,113
Reserves	1,044,887	1,055,536	114,819	218,175
Rehabilitation fund	4,702,391	4,702,391	—	—
Equip. & pers'l property leased.	—	—	1,121,305	1,121,305
Profit and loss	118,956	124,455	1,476,360	1,129,528
Total	\$49,179,593	\$48,147,660	\$17,381,042	\$14,987,024

a Incl. chiefly 20,783 shares of United Trac. & Elec. Co., valued at \$2,188,751.

	—Central New Eng. Ry.—		—N. Y. Westch. & B. Ry.—	
	1914.	1913.	1914.	1913.
Assets—				
Road and equipment	\$21,947,733	\$21,678,615	\$22,845,447	\$22,501,302
Intangible capital	—	—	8,193,391	8,193,391
Investments	68,736	63,105	1	1
Securities in treasury	2,634,600	2,600	—	—
Cash	374,411	487,181	87,979	32,586
Bills and accounts receivable	221,543	176,153	462,538	341,799
Traffic, &c., balances	8,330	131,050	—	—
Agents and conductors	58,102	72,690	—	—
Materials and supplies	347,262	263,823	222,733	205,475
Miscellaneous accounts	529	370	2,841	4,399
Special deposits	51,100	51,100	525,336	612,443
Other deferred debit items	31,233	13,566	187,474	163,777
Profit and loss	—	—	e2,805,665	1,406,000
Total	\$25,743,579	\$22,940,253	\$35,333,404	\$33,461,173
Liabilities—				
Common stock	\$4,800,000	\$4,800,000	\$4,945,250	\$4,945,250
Preferred stock	3,750,000	3,750,000	—	—
Funded debt	14,949,000	12,317,000	21,200,000	21,200,000
Loans and bills payable	200,000	200,000	5,842,423	5,327,923
Traffic, &c., balances	168,443	105,825	—	—
Vouchers, &c.	455,351	372,128	327,033	135,385
Matured interest, &c.	407,515	257,217	—	—
Accrued interest, taxes, &c.	—	—	1,169,448	821,428
Miscellaneous accounts	37,377	36,431	7,088	81,184
N. Y. N. H. & H. RR. advances	—	—	1,806,500	852,500
Equip., &c., leased property	209,125	209,125	—	—
Other deferred credit items	27,246	8,955	—	—
Reserves	—	—	35,662	97,503
Profit and loss	739,522	883,572	—	—
Total	\$25,743,579	\$22,940,253	\$35,333,404	\$33,461,173

c After deducting interest on bonds and other liabilities, \$1,297,785, and miscellaneous items aggregating \$71,271.

	—New Eng. Navtg. Co.—		—New England S.S. Co.—	
	1914.	1913.	1914.	1913.
Assets—				
Road and equipment	\$70,950,291	\$84,445,529	\$88,965,533	\$9,442,622
Investments pledged	6,086,127	—	4,747,873	4,829,426
Investments unpledged	—	—	—	—
Cash	243,584	139,979	139,733	351,848
Loans and bills receivable	31,593	2,684,065	234,958	58,617
Traffic, &c., balances	—	—	264,859	362,541
Agents, pursers, &c.	—	—	52,851	95,466
Insurance claims	—	—	58,055	174,032
Materials and supplies	—	—	164,215	209,496
Miscellaneous accounts	53,034	242,793	99,717	187,600
Unmatured int., dividends, &c.	168,232	205,313	—	173,738
Securities (com. stock) in treas.	—	—	187,600	187,600
Securities in insurance fund	—	—	—	—
Unamortized debt discount, &c.	361,722	—	—	—
Other deferred debit items	31,955	48,905	57,412	50,978
Profit and loss	—	—	400,311	355,071
Total	\$77,926,538	\$87,766,584	\$15,373,117	\$16,291,435
Liabilities—				
Common stock	\$49,405,500	\$53,000,000	\$3,000,000	\$3,000,000
Preferred stock	—	—	3,000,000	3,000,000
Bonds and notes	24,305,000	24,219,000	9,000,000	9,000,000
Loans and bills payable	3,593,698	10,052,230	—	500,000
Traffic, &c., balances	—	—	44,339	43,092
Vouchers and wages	9,073	100	261,109	312,819
Matured interest, &c.	113,196	4,520	—	—
Miscellaneous accounts	—	—	7,981	209,305
Accrued interest, rents, &c.	239,570	250,786	—	9,150
Other deferred credit items	—	—	59,688	217,069
Profit and loss	260,501	239,948	—	—
Total	\$77,926,538	\$87,766,584	\$15,373,117	\$16,291,435

b Includes floating equipment and terminal property, \$9,673,005, less \$707,472 reserved for accrued depreciation.

Pledged Investments of New England Navigation Co. (Book Value \$70,950,292). [Comprising part of the collateral pledged under indenture dated May 1 1914, securing New England Navigation Co. 6% collateral gold notes. V. 98, p. 1393.]

	Par Val.	Book Val.		Par Val.	Book Val.
Connecticut Co.	40,000,000	40,000,000	Eastern S.S. Corp.	—	—
New Eng. Invest.	—	—	Preferred stock	1,500,000	1,462,500
& Sec. Co. notes	13,709,000	13,631,750	Common stock	400,000	300,000
New Eng. S.S. Co.	—	—	5% 1st M. bds.	2,500,000	2,437,500
Preferred stock	3,000,000	3,000,000	Prov. & Dan'n Ry.	—	—
Common stock	2,812,400	100,000	1st and Refund.	600,000	433,843
5% 1st M. g. bds.	9,000,000	9,000,000	Sea View RR. 5s.	600,000	584,699

The unpledged investments, having a total book value of \$6,086,127, embrace chiefly the following stocks: Hartford & N. Y. Transp. Co. (\$2,500,000 out of \$6,703,000), \$2,538,91

Operating revenue for the year was \$44,923,568, a decrease of 2.4%. Operating expenses were \$33,270,599, an increase of 8.3%, leaving net operating revenue of \$11,652,969, a decrease of 24.1%. The road paid taxes of \$2,149,215. The total income was \$10,253,665, a decrease of 30.1%.

TRAFFIC STATISTICS.

	1913-14.	1912-13.	1911-12.	1910-11.
Miles operated (average)	5,259	5,255	5,241	5,188
Equipment—				
Locomotives	1,037	1,061	1,029	998
Passenger equipment	691	695	688	622
Freight equipment	31,384	32,071	29,646	29,242
Company cars, &c.	2,466	2,638	2,478	2,588
Operations—				
Passengers carried	13,243,356	11,112,598	10,784,677	11,275,043
Pass. carried 1 mile	535,108,057	489,684,878	474,409,917	506,048,947
Rate per pass. per mile	2.16 cts.	2.38 cts.	2.42 cts.	2.37 cts.
Rev. freight (tons) car'd	19,906,151	19,739,790	16,985,882	17,128,446
Revenue freight (tons) carried one mile	3027900,826	3126717,306	2714876,424	2675695,200
Rate per ton per mile	1.000 cts.	1.000 cts.	1.013 cts.	1.049 cts.
Av. train-load (rev.) tons	297	281	255	221
Earns. per pass. train m.	\$1.1221	\$1.0866	\$1.0272	\$1.0844
Earns. per frt. train m.	\$2.967	\$2.815	\$2.585	\$2.318
Gross earnings per mile	\$8.542	\$8.763	\$8.032	\$8.319

INCOME ACCOUNT.

	1913-14.	1912-13.	1911-12.	1910-11.
Freight	\$30,202,499	\$31,272,807	\$27,505,798	\$28,071,782
Passenger	11,563,844	11,651,253	11,490,509	11,999,385
Mail, exp. & miscell.	2,789,891	2,766,907	2,768,495	2,780,460
Other than transp. rev.	367,335	359,318	335,562	307,601

Total oper. revenue	\$44,923,569	\$46,050,290	\$42,100,364	\$43,159,228
Operating Expenses—				
Maint. of way & struc.	\$5,762,324	\$5,755,477	\$5,118,924	\$5,470,179
Maint. of equipment	7,492,700	6,091,070	5,521,171	5,738,290
Traffic expenses	928,037	1,007,326	1,098,446	1,085,847
Transportation expenses	15,760,663	16,505,019	15,678,945	15,737,165
General expenses	1,325,876	1,352,202	1,292,103	1,288,919

Total oper. expenses	\$33,270,600	\$30,711,094	\$28,709,589	\$29,320,400
Net operating revenue	\$11,652,969	\$15,339,196	\$13,390,775	\$13,838,828
Taxes	2,149,215	2,057,440	1,857,583	1,811,827

Operating income	\$6,503,754	\$13,281,756	\$11,433,192	\$12,027,001
Hire of equipment—Dr.	436,946	177,440	282,555	323,641
Other income	1,186,857	1,556,463	1,841,873	2,657,611

Total income	\$10,253,665	\$14,660,779	\$12,992,510	\$14,360,971
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Deduct—				
Interest	\$8,226,386	\$7,999,734	\$7,778,106	\$7,850,607
Int. on guar. sec. (rentals)	2,538,160	2,553,035	2,563,559	2,604,038
Oth. rentals & sk. funds	863,880	951,677	894,571	836,040
Divs. on trust certs.				
K. C. Ft. S. & M. Ry.	540,400	540,400	540,400	540,400
Chic. & E. Ill. RR.		1,120,766	1,038,075	994,482

Balance	def. \$1,915,161	\$1,495,167	\$177,399	\$1,535,404
New Or. Tex. & M., def.		1,214,482	\$903,969	Not report'd
Rio Grande Ry., def.	2,022	4,811		
Amort. disc't. fund. debt	910,559	943,222	\$857,152	\$802,253
Prof. stock divs.		(3%) 146,790	(4%) 199,742	(4%) 199,742

Bal., sur. or deficit	def. \$2,828,142	def. \$817,138	def. \$1,783,464	sur. \$533,409
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* These items were deducted in report from profit and loss, but are here shown for purposes of comparison with later years' figures.

x Interest in 1913-14 (\$8,226,386) includes \$4,012,546 which was not actually paid: 6 mos. interest on Ref. M., \$1,371,140; 8 mos. int. on Gen. Lien M., \$2,292,960, and one year's interest on 2-yr. 5% notes, \$112,500, on 2-yr. 6% notes, \$156,000 and on miscellaneous notes payable, \$79,946.

BALANCE SHEET JUNE 30.

Assets—	1914.	1913.	Liabilities—	1914.	1913.
Road & equip.	\$270,072,306	\$269,129,931	Preferred stock	37,364,100	37,364,100
Securs. of prop.			Common stock	59,143,300	59,143,300
&c., cos.	111,693,849	114,200,327	Mtge. bonds	237,530,049	237,429,161
Adv. to prop.			Collateral trust		
&c., cos.	181,862	1,216,975	bonds	49,576,250	51,126,250
Physical prop.	1,505,782	1,109,408	Income bonds	6,322,780	6,322,780
Miscell. invests.,			Equipment trust		
unpledged	473,762	478,762	obligations not		
Miscell. secur.,			held by co.	8,406,162	10,835,938
pledged	1,877,241	1,877,241	Receiv. cer-		
Securs. in treas.	1,764,497	1,658,609	tificates	3,000,000	
Marketable sec's	1,343,002	4,021,573	Traffic, &c., bals.	2,095,351	1,898,634
Material & supp.	2,711,593	3,368,256	Vouch. & wages	4,383,155	6,825,272
Agts. & condue.	527,575	529,496	Loans & bills pay.	1,385,408	5,784,181
Traffic, &c., bals.	2,176,808	2,175,020	Matured inter-		
Miscell. acc'ts.	3,810,549	4,008,239	est. dividends,		
Loans & bills rec.	4,613,682	4,866,353	& rents unpaid	4,570,298	3,570,466
Cash	1,535,323	4,430,470	Miscell. acc'ts.	183,340	201,553
Insurance, &c., fd.	104,000	104,000	Accr. int., &c.	1,559,572	1,537,821
Sink., &c., funds	551,749	505,360	Taxes accrued	1,060,279	709,895
Prepaid ins., &c.	59,373	119,892	Def. cred. items	3,885,210	3,501,556
Advances	1,523,893	1,466,133	Approp. surplus	584,907	268,931
Unexting. disc't			Profit and loss	Cr. 877,612	2,423,139
on debt	12,857,646	12,912,538			
Other advances	68,512	72,246			
Spec. depos., &c.	107,244	69,803			
Other def. debit					
items	892,301	616,346			
Total	420,452,549	428,936,978	Total	420,452,549	428,936,978

a Road and equipment in 1914 (\$270,072,306) consists of road and equipment, \$270,765,743; less \$693,437 reserved for accrued depreciation of equipment.

b Includes securities of proprietary, affiliated and controlled companies pledged stocks, \$74,514,774; funded debt, \$4,073,396, and miscellaneous, \$28,410,607, in addition to securities issued and assumed pledged (funded debt), \$4,290,000, and unpledged securities of proprietary, &c., cos., \$136,401, and funded debt unpledged, \$268,671.

c After deducting accrued tax adjustment account prior years, \$281,506, and sinking fund appropriations account prior years, \$251,635, and adding miscellaneous items (net) aggregating \$60,532.—V. 99, p. 970, 895, 609.

Hocking Valley Railway.

(15th Annual Report—Year ending June 30 1914.)

The report signed on Sept. 17 by Frank Trumbull, Chairman, and George W. Stevens, President, says in substance:

Results.—Operating revenues decreased \$796,499, or 10.19%, while operating expenses were decreased \$180,097, or 3.61%, and taxes decreased \$26,764, or 5.60%. Operating income, taxes deducted, was thus \$1,766,262, being a decrease of \$589,638, or 25.03%. Miscellaneous income also decreased \$323,559, or 41.89%, while rentals and other payments increased \$13,133, or 13.43%, and interest (amounting to \$1,148,503, or 54.58% of amount available) showed an increase of \$34,333, or 3.08%. The net income for the year, therefore, was \$955,741, a decrease of \$960,663, or 50.13%. Deducting also the four dividends of 2% each paid during the year, aggregating \$879,960, there remained a surplus of \$75,781 from the operations of the year 1913-14.

The prolonged strike by coal miners in the Hocking district, causing almost entire suspension of mining during April, May and June in the territory covered by your line, resulted in a heavy loss of freight traffic and earnings. The coal and coke tonnage was 7,323,139 tons, a decrease of 8.1%; other freight tonnage was 3,163,509 tons, a decrease of 1.6%. Total tonnage, 10,487,048 tons, a decrease of 6.2%. Freight revenue was \$5,601,382, a decrease of 12%. Freight-train mileage 1,315,637, miles,

decrease 10.6%. Revenue ton miles were 1,315,425,895, a decrease of 9.5%. Ton mile revenue was 4.26 mills, a decrease of 2.7%. Revenue tonnage per train mile was 1,000 tons, an increase of 1.2%; including company's freight, the tonnage per train mile was 1,036 tons, an increase of 1.3%. The number of passengers carried one mile on steam trains was 48,193,241, a decrease of 6.5%.

There were 2,268 tons of new 100-lb. rails, equal to 14.4 track miles, and 1,603 tons of new 90-lb. rails, equal to 11.3 track miles, used in the renewal of existing main tracks. The average amount expended for repairs per locomotive, \$1,969; per passenger train car \$436 14; per freight train car \$62.30.

Funded Debt.—There were retired (a) \$14,000 1st con. 4½s through the sinking fund (b) \$316,000 equipment trusts; (c) \$4,000,000 2-year 4½% gold notes by the sale of \$4,000,000 1-year 5% gold notes maturing Nov. 1 1914 (V. 97, p. 1286). There were also sold \$1,800,000 equipment capacity, 6 tons for the purchase of 2,000 steel gondola cars of 115,000 lbs. trust obliga. Mikado freight locomotives and 2 10-wheel passenger locomotives (V. 97, p. 298; V. 98, p. 453.)

Toledo Terminal RR. Co.—We acquired 3,872 shares of the Toledo Terminal RR. Co. capital stock under an agreement with other interested companies, providing that the companies holding the stock will be responsible (severally but not jointly) for any deficiency in working expenses and in interest on \$4,000,000 1st M. 4½% bonds [of 1907] of Terminal Co. in the proportion which the stock held by each company bears to the total stock outstanding, your proportion being 9.68% (V. 88, p. 169; V. 96, p. 306).

Additions and Betterments.—These amounted to \$2,966,061, of which \$1,122,491 was added to cost of road and \$1,843,570 to cost of equipment. The principal items included in the \$2,966,061 are: Terminal yards \$338,204; elimination of grade crossings, \$72,215; dock and wharf property, \$550,808. Net equipment purchased during year (1,316 gondola coal cars, 634 box cars, 8 locomotives, 1 locomotive crane, &c.), \$2,055,108, less \$211,538 for 510 cars, and 1 locomotive retired, \$1,843,570.

The operation of the new coal dock and terminal yard on the east side of the Maumee River at Toledo, undertaken last year, was commenced on June 17 1914. The dock is equipped with 2 car dumpers, operated by steam power, their total capacity being 8,000 tons per hour, which is about double our present needs. The coal is dumped directly from the road cars into vessels. The tributary terminal yard has 15½ miles of track with a working capacity of 1,500 cars, and is capable of considerable enlargement. The cost of the new dock and terminal, exclusive of a large part of the real estate which has been owned for many years, is about \$1,450,000, nearly all of which has been expended at June 30 1914, forming the major part of the additions and betterments, except equipment, for the past two years.

It was necessary to change the grade of two streets in Toledo, Front St. being elevated over and Seaman St. being carried under our tracks. Also to elevate tracks of Wheeling & Lake Erie Belt Ry. at the entrance to the terminal yard. The new dock is directly across the river from the dock heretofore used and is better located than any other railroad dock in Toledo, being nearer the mouth of the river, and readily accessible to your line over the double track of the Toledo Terminal RR. above mentioned. Your company is under contract to sell the old location to the Pennsylvania Co., which owns the adjoining water front, and it is expected that a very considerable sum will be realized from the sale.

During the past five years the expenditures for equipment and other additions have aggregated \$6,190,928, viz.: additional equipment acquired (less retirements), \$2,931,183; additions and betterments, \$3,259,746.

Equipment in Service June 30 1914.—Locomotives owned, 148, decrease 1; locomotives leased under equipment trusts, 8, increase 8; total, 156, increase 7; passenger-train cars owned, 86, decrease 2; freight-train and misc. cars owned, 9,655, increase 227; freight cars leased under equipment trusts, 4,556, increase 1,206; total freight-train cars, 14,211, increase 1,433.

Steel water tanks were built at Marion, Upper Sandusky and Toledo and modern water-softening plants were erected at Carey, Marion, Hyatts and Linworth. The work of separating grades at South Columbus was completed and the South Columbus freight station remodeled. At Marion a suitable site was purchased for engine-house.

[No quarterly dividend was paid this last September.]

TRAFFIC STATISTICS.

	1913-14.	1912-13.	1911-12.	1910-11.
Miles operated June 30.	351	351	351	350
Operations—				
Pass. carried (steam)	1,681,406	1,780,424	1,725,129	1,745,394
Pass. carried (electric)	474,744	496,716	551,854	657,819
Pass. carr. 1 mile (steam)	49,193,241	52,528,498	52,053,717	51,083,717
Avge. rev. per pass. per mile (steam)	1.804 cts.	1.721 cts.	1.628 cts.	1.638 cts.
Tons freight carried	10,487,048	11,178,636	10,292,971	9,792,066
Tons freight carr. 1 mile	131,542,589	145,368,287	137,707,218	132,336,501
Av. rev. per ton per mile	0.426 cts.	0.438 cts.	0.433 cts.	0.441 cts.
Av. rev. train-load (tons)	1,000	938	852	735
Earn. per pass. tr. mile	\$1.30	\$1.28	\$1.18	\$1.16
Earn. per frgt. tr. mile	\$4.26	\$4.33	\$3.69	\$3.25

GENERAL INCOME ACCOUNT YEARS ENDING JUNE 30.

	1913-14.	1912-13.	1911-12.	1910-11.
Revenues—				
Freight	\$5,601,382	\$6,365,735	\$5,958,000	\$5,839,913
Passenger	1,010,311	929,991	874,596	868,192
Mail, express & miscell.	312,798	320,243	280,991	245,818
Non-transportation	196,654	201,675	190,083	218,808
Total oper. revenue	\$7,021,145	\$7,817,644	\$7,303,679	\$7,172,731
Expenses—				
Maint. of way & struc.	\$668,454	\$781,109	\$853,403	\$839,640
Maint. of equipment	1,460,653	1,565,266	1,192,191	1,124,608
Traffic	107,576	106,384	99,621	106,154
Transportation	2,391,641	2,332,475	2,245,657	2,320,411
General	175,422	168,609	188,170	209,233

Total oper. expenses	\$4,803,746	\$4,983,843	\$4,579,042	\$4,600,046
Per cent exp. to revenue	(68.4%)	(63.8%)	(62.7%)	(64.1%)
Net operating revenue	\$2,217,399	\$2,833,801	\$2,724,637	\$2,572,685
Other income	448,920	772,478	694,156	765,176

Gross income	\$2,666,319	\$3,606,279	\$3,418,793	\$3,337,861
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Deduct—				
Interest on funded debt		\$1,055,660	\$995,943	\$876,256
Other interest	\$1,148,503			129,149
Int. on equipment trusts		58,510	75,370	95,917
Taxes	451,136	477,900	414,188	345,435
Rentals, &c.	110,939	97,805	102,456	58,373
Common dividends	(8%) 879,960	(11½%) 126,494	(7) 770,000	(4) 440,000

Total deductions	\$2,590,538	\$2,954,818	\$2,357,957	\$1,945,130
Balance, surplus	\$75,781	\$651,461	\$1,060,836	\$1,392,731

BALANCE SHEET JUNE 30.

1914.		1913.		1914.		1913.	
Assets—	\$		\$	Liabilities—	\$		\$
Road & equip't.	42,210,235	39,362,233		Capital stock	11,000,000	11,000,000	
Securs., prop., &c.,				Mortgage bonds	19,872,000	19,856,000	
cos., pledged	403,089	608,089		4½ % gold notes '13	4,000,000	4,000,000	
do. unpledged	5,808			Equip. tr. oblig'ns	2,823,000	1,339,000	
Misc. securs., do.	1,566,718	1,391,718		Vouchers & wages	648,872	873,654	
Special dep. acct.				Traffic balances	498,669	507,204	
equipment	800,000			Loans & bills pay.	1,400,000		
Materials & supp.	784,299	684,685		Miscell. accounts	140,429	91,519	
Advances	53,935	14,739		Int., diva., &c., due	368,827	374,715	
Cash	973,424	1,529,164		Accrued int., &c.	138,617	103,980	
Loans & bills rec.	102,347	102,812		Accrued taxes	284,506	307,786	
Traffic balances	50,060	94,728		Oper. reserves	17,517	43,991	
Agents & conduct.	361,502	431,826		Adh. def. cred. items	344,389	62,780	
Miscell. accounts	353,592	628,243		Odds to prop'ty	181,409	181,409	
Securs. in treasury	2,785,501	2,785,501		Sinking fund	190,097	169,377	
Sinking fund	29,837	36,267		Insurance fund	34,703	31,626	
Insurance fund	34,703	31,626		Profit and loss	85,685,614	8,709,853	
Other def. assets	105,599	60,653					
Total	50,628,649	47,742,284		Total	50,628,649	47,742,284	

Alabama Great Southern R.R.

(37th Annual Report—Year ended June 30 1914.)

Pres. Fairfax Harrison Oct. 7 wrote in substance:

Results.—Operating revenues increased \$153,322; operating expenses increased \$411,559 (including \$290,181, or 70.51% in maintenance); transportation expenses increased \$96,485 or 5.56%. The reduction of \$108,932 in other income was due to decrease in receipts from per diem of the company's freight-train cars.

The decrease of \$13,583 in interest on funded debt and equipment trust obligations was due to a reduction in the amount of equipment obligations outstanding. This account does not include this year interest upon First Consolidated Mortgage bonds, such interest being charged to the construction account until the improvements are available for service, under rules of I. S. C. Commission.

The usual dividends, aggregating 6%, declared out of income for the year were paid on the pref. stock, after deducting which there remained to be carried to profit and loss a surplus of \$554,366, against \$931,799 in the year 1912-13.

The usual dividends, aggregating 6%, declared out of income for the year, were paid on the Pref. Stock, after deducting which there remained to be carried to profit and loss \$554,366, against \$931,799 in year 1912-13.

Dividends, aggregating 5% (\$391,500) declared out of accumulated surplus and charged to profit and loss, were paid on the ordinary stock. net increase in profit and loss for the year \$165,416.

Financial Changes.—The property investment for road increased during the year \$330,493; for equipment decreased \$24,172. The item of \$120,759 for improvements upon the Belt Railway Co. of Chattanooga (leased) has been withdrawn from property investment and charged as an advance to that company.

Secured Debt.—There were sold during the year \$2,500,000 First Consol. Mortgage 5% gold bonds, dated Dec. 1 1913, and due Dec. 1 1943, the proceeds which are being expended only for additions and improvements, undertaken and to be undertaken and completed, so far as possible, during the calendar years 1914, 1915 and 1916.—[See V. 97, p. 1285, 1582, 1820; V. 98, 72, 1534.]

There were paid \$366,701 equipment trust obligations.

Maintenance.—New ballast placed in the track aggregated 95,000 cubic yards; 223,212 cross ties were used in renewals, 5,058 tons of new 85 lb. section steel rail were laid to replace worn 75-lb. section rail in 37.87 miles of track.

Maintenance of equipment shows an increase of \$228,895, or 19.43%, due principally to the necessity of greater expenditures in the maintenance of wooden freight cars to the standard required for proper operation, and to charges for the retirement through expenses of old light capacity cars which had reached a stage where they could no longer be profitable operated.

Wauhatchie Extension Railway.—One of the purposes of the new First Consol. Mortgage was to provide for an extension from Wauhatchie, Tenn., 2.97 miles to the Lookout Mt. line of Southern Railway Co. leading to terminal facilities in Chattanooga. The right of way has been acquired and construction begun. Your company owns the entire capital stock of Wauhatchie Extension Ry. Co. and for the money advanced to pay the cost of this extension will receive, and pledge under its First Consol. Mortgage, bonds, secured by a first mortgage upon said extension.

Industrial Progress.—During the year 48 new industrial plants were located on or contiguous to the company's line, representing an aggregate investment of \$682,500, giving employment to about 1,320 persons, and creating an additional inbound and outbound freight tonnage estimated at 5,690 cars per annum. The total estimated value of improvements adjacent to the line (exclusive of the City of Chattanooga) made during the year is \$7,542,468. In the cities and towns along the Company's line 3,971 new dwelling houses were erected.

Lumber continues to hold first place as a revenue producer for your company but the item of merchandise ranks second only to lumber.

OPERATIONS, EARNINGS, EXPENSES, CHARGES, &c.

Operations—	1913-14.	1912-13.	1911-12.	1910-11.
Average miles operated.	309	309	309	309
Passengers carried	1,018,229	1,008,807	906,475	866,128
Pass. carried 1 mile	60,630,774	60,882,050	55,176,048	53,106,663
Rate per pass. per m.	2.14 cts.	2.12 cts.	2.10 cts.	2.12 cts.
Tons of rev. frht. carried	3,742,414	3,689,683	3,207,761	3,314,533
No. of tons carried 1 m.	575,047,141	538,501,736	489,372,180	461,309,024
Rate per ton per mile	0.64 cts.	0.65 cts.	0.66 cts.	0.64 cts.
Tons of freight in each train (revenue)	421.67	418.15	408.39	407.24
Gross earnings per mile.	\$17.405	\$16.910	\$15.435	\$14.476

INCOME ACCOUNT	1913-14.	1912-13.	1911-12.	1910-11.
Operating Revenues—				
Freight	3,662,745	3,488,041	3,217,742	2,954,793
Passenger	1,298,781	1,291,317	1,159,747	1,126,745
Mail, express & misc.	381,873	407,821	361,606	364,318
Other rev. from oper'ns.	41,508	44,806	36,796	33,264
Total oper. revenues.	5,385,307	5,231,985	4,775,891	4,479,120
Operating Expenses—				
Maint. of way & struct.	688,650	627,364	582,208	570,040
Maint. of equipment	1,406,891	1,177,997	1,040,604	1,039,768
Traffic expenses	162,171	154,663	136,827	123,665
Transportation expenses	1,832,894	1,736,409	1,509,636	1,399,127
General expenses	136,858	119,471	120,101	111,813
Total oper. expenses.	4,227,464	3,815,904	3,389,376	3,244,413
Net operating revenue.	1,157,843	1,416,081	1,386,515	1,234,707
Outside oper.—net deficit	6,607	7,376	5,284	10,648
Net revenue	1,151,236	1,408,705	1,381,231	1,224,059
Taxes accrued	189,856	176,041	172,020	162,041
Operating income	961,380	1,232,664	1,209,211	1,062,018
Hire of equip.—balance.	186,204	321,369	228,054	369,385
Inc. from investm'ts, &c	191,298	165,065	167,867	119,634
Total gross income	1,338,882	1,713,098	1,605,132	1,551,037
Deductions—				
Miscellaneous, rents, &c	230,363	219,562	211,960	199,037
Interest on bonds	300,221	300,221	300,221	300,221
Int. on equip. obligat'ns	51,112	64,695	80,355	96,140
*Divs. on common (5%)	391,500	391,500	391,500	391,500
Divs. on pref. stk. (6%)	202,821	202,821	202,821	202,821
Total deductions	1,176,016	1,178,739	1,186,857	1,190,319
Balance, surplus	162,866	540,299	418,275	360,718

*The company deducts the common stock dividends from the profit and loss surplus, but they are deducted by us from the income account for the sake of simplicity.

GENERAL BALANCE SHEET JUNE 30.

Assets—	1914.	1913.	Liabilities—	1914.	1913.
Road & equip't.	18,512,747	18,308,634	Common stock	7,830,000	7,830,000
Leasehold estates.	324,000	324,000	Preferred stock	3,380,350	3,380,350
Sec. of prop., &c.,			Mortgage bonds	8,189,600	5,686,600
eos., unpledged.	331,175	327,164	Equip. trust oblig.	988,507	1,243,009
Advan. for constr.	143,871	120,769	Leasehold estates.	324,000	324,000
Physical properties	21,843	27,292	Traffic, &c., bala.	120,310	126,615
Other securities	1,612,589	1,612,589	Vouchers & wages	592,635	482,470
Cash	2,789,464	611,307	Matured int., &c.	123,691	54,123
Securs. in treasury	1,000	1,000	Miscel. accounts	113,930	122,681
Loans & bills rec.			Accrued interest,		
Traffic, &c., bala.	331,743	332,884	dividends, &c.	142,197	135,713
Agents & conduc.	45,516	83,710	Accrued taxes	85,426	76,616
Materials & supp.	317,630	282,645	Def. credit items	187,514	214,967
Misc. accounts	244,493	268,880	Profit and loss	2,893,714	2,728,298
Def. debit items	273,893	103,310			
Total	24,969,874	22,405,433	Total	24,969,874	22,405,433

a After deduction reserve for accrued depreciation on equipment, \$1,523,470.—V. 99, p. 1128.

New York Railways Company.]

(Report for Fiscal Year ending June 30 1914.)

Pres. Theodore P. Shonts, Oct. 1 1914, said in subst:

General Remarks.—While the decrease in gross passenger revenue during the past year has been disappointing, the causes contributory thereto are evidently transient. For the first six months of this fiscal year, during which the weather conditions were practically the same as the previous year, there was an increase in both gross and net earnings and in the number of passengers carried. Then followed the severe weather conditions. Added to this was the general business depression, which cut down the daily travel of wage earners and also pleasure travel, while the many interruptions to the service caused by the city's construction of the new subways also had their effect. The increase in the expense of snow and ice removal was about \$190,000 and our aggregate loss on account of these storms in conduit cleaning, snow removal, damage to pavement and track structure, on account of excessive wear due to vehicular traffic, including the loss of passenger revenue, was approximately \$500,000.

Results.—Gross revenue fell off \$204,321, but in as much as operating expenses decreased \$15,988 and taxes decreased \$77,790, while non-operating income increased \$24,171, the gross income decreased only \$86,373, and the surplus available for interest on New York Railways Co. adjustment mortgage 5% income bonds decreased but \$52,230. The interest payments on the Adjustment Income Bonds aggregated \$1,112,678 [3.633% of which 2.345% was paid in April 1914 and 1.288% in Oct. 1914, against \$1,190,164 [or 3.886%] in the year 1912-13. See V. 99, p. 970; V. 98, p. 690. For purposes of comparison the operating expenses for the year ended June 30 1913 are adjusted to include reserve for maintenance and depreciation. [The net income from Williamsburg Bridge local car operations for the six months ending June 30 1914 was \$12,130.]

Transportation revenue, excluding Williamsburg Bridge local car operation, was \$13,421,681, a decrease of \$184,172, or 1.35%. This loss may be attributed largely to the snowstorms during Feb. and March 1914 and other unfavorable weather conditions, and to the general business depression, particularly during the latter part of the fiscal year.

The reserve for maintenance and depreciation included in operating expenses was for the late year \$324,773, a decrease as compared with the year 1913 of \$376,936. On the other hand, the charges for paving included in operating expenses amounted to \$551,191, an increase of \$167,328, and there was also an increase of \$146,184 in the cost of snow removal. The total maintenance expenditures were \$2,447,395, an increase of \$336,071. The extraordinary charges for improvements and replacements included in the maintenance accounts amount to \$707,322, an increase of \$145,260.

The profit and loss surplus, amounting to \$83,486, is composed chiefly of \$83,254 interest on \$650,000 note of joint reorganization committee, assumed by this company Oct. 3 1912.

Burdensome Paving Expenses.—The expenditure for street paving continues extraordinarily burdensome, preventing us from building up the system and improving the car service as we otherwise would. The horse-drawn cars, the fundamental reason for imposing this burden, has been removed, and to-day all sorts of vehicles are wearing out the pavement for which we pay and which we also largely keep clear of snow. It is believed that one party, preferably the city, should be responsible for the condition of all the paving in public streets, and that the railway companies should pay the city a reasonable proportion of such maintenance costs on a basis that will enable the operating railway companies to secure a reasonable return on the capital they have invested and proper compensation for services performed.

Brooklyn & North River R.R.—This company was organized under agreement of Dec. 15 1911 to construct and operate a line of surface railroad running from the North River, in the Borough of Manhattan, through Canal St. over the Manhattan Bridge and through the Flatbush Ave. extension, to Fulton St., in Brooklyn. At incorporation the authorized capital stock was fixed at \$500,000 and the ownership of the same when issued was to be divided. Brooklyn Heights R.R. Co. and Nassau Electric R.R. Co., 25%; Metropolitan St. Ry. Co. (and so to its successor, the New York Railways Co.), 25%; Third Ave. R.R. Co. and Dry Dock East Broadway & Battery R.R. Co., 25%; Coney Island & Brooklyn R.R., 25%. In order properly to finance the new company, it was necessary to issue 1,000 shares of the total capital stock at par, and your company thus became the owner of 250 shares (V. 97, p. 1732).

Bonds, &c.—To provide for the \$500,000 2d M. 5% bonds of the Broadway & 7th Ave. R.R. Co. due July 1 1914, \$500,000 of that company's 50-year First Consol. M. 5s of 1893 were sold to the highest bidder for \$507,639; \$2,500 was paid for recording the mortgage tax, making the net price 100% and int. See V. 98, p. 1992.

In the settlement of the note of the 23d St. Ry. Co. for \$2,204,930, dated April 30 1907, issued for electrification and improvements, that company has issued under the provisions of its lease to the Metropolitan Street Ry. Co., in lieu of the note in question, its \$1,500,000 Improvement & Ref. M. 50-year 5% gold bonds, dated Jan. 1 1912 (V. 88, p. 1695, 1921, 1995).

Bridge Operating Co.—Your company purchased from the receiver of the Metropolitan Street Ry. Co. as of Jan. 1 1914 500 shares, or one-half, of the capital stock of the Bridge Operating Co. for \$38,317, the other half being owned by the Brooklyn Heights R.R. Co. (V. 99, p. 673).

Taxes.—The litigation over the 1910 and 1911 special franchise assessments of the different companies composing the N. Y. Railways system, which was instituted by, and is in charge of, the Metropolitan receiver, has not been concluded. Last winter the Appellate Division of the Supreme Court modified the previous determination of the Special Term in various respects, but with a net result which was distinctly favorable. The 1910 aggregate assessment, which was originally fixed by the State Board of Tax Commissioners, at \$58,181,000, and which had been reduced by the Special Term to \$31,134,354, was further reduced to \$22,630,325, while in a similar manner the original 1911 assessm't of \$46,057,000 was reduced from \$30,328,939 to \$27,960,693. All interested parties have appealed to the Court of Appeals, but it is considered unlikely that the good results already obtained will be materially affected by the appeal. However, since there is still the possibility of a reversal on some of the disputed points, the representatives of the State and City would not consent to a settlement of the pending proceedings to review the assessments for 1912, 1913 and 1914 on any basis satisfactory to the company. Of course, when finally passed upon, these favorable decisions in the test cases will be used as the standard in arriving at the real assessments for subsequent years, but, because of the complexity of the accounting and legal problems involved, some considerable time will necessarily elapse between the announcement of the determination of the Court of Appeals and the securing of any refunds to which the company may be entitled. [The Court of Appeals this week affirmed the decisions reducing the assessments.—Ed.]

As a result of the decision of the Appellate Division referred to, the State Board of Tax Commissioners reduced the special franchise assessments for the year 1914 by approximately \$3,500,000, in consequence of which the taxes paid by the company for this year on those assessments will show a decrease of about \$58,000 from the amount paid last year. Even with this reduction, the 1914 assessments are still too high, so that the company has brought judicial proceedings to assure to it the full benefit of the decision in the test cases. If successful, there will be an appreciable refund from the amount paid for the current year.

Accidents and Damages.—The combined cost of claims for the current year and arising during the receivership and liquidated during this year amounted to 6.4% of the gross passenger revenue, against 6.6% for last year. The number of serious personal injuries was reduced over 12.8% and the total number of accidents was reduced 10.4% compared with the year 1912-13, which year also showed a reduction. This diminution should be reflected in smaller expenditures in due time. We have, however, to contend with thousands of baseless and fraudulent claims. The plaintiffs have won only 34% of all cases tried. We voluntarily settled 3,616 claims, before suit was brought, for \$373,152 and compromised 1,058 suits before trial for \$234,637, leaving as the result of contested suits 185 judgments paid to the amount of \$58,519.

Accident Reserve and Claim of Adjustment Bondholders.—Some bondholders having made the claim that 8% was too high a percentage of gross revenue to devote to accident reserve, the directors who represent the income bondholders acting as a committee of investigation employed Ford, Bacon & Davis to report on the proper reserve for 1913. These experts decided that 7½% would be sufficient without any allowance as a margin of safety. Thereupon the board directed the accounts for 1913 to be readjusted on a 7½% basis, but the P. S. Commission, after a hearing, ordered that the reserve be maintained at 8% for 1913 until the company could demonstrate from experience that the reserve was too large. It follows that no readjustment can be had as to the reserves for 1912 and 1913 until the liability for those years shall have become extinguished either by payment, litigation or the statute of limitations.

For the year 1914 the new Workmen's Compensation Act will no doubt increase the cost of employee's accidents. For this reason it does not seem prudent to attempt any considerable change in the accident reserve at this time. If experience shows that the reserve is too large, the difference will be returned to income and the amount so returned will be available to increase the interest payable at the time upon the adjustment bonds. Unless in the meantime the earnings shall be sufficient to pay full 5% interest on those bonds, there is no possible way by which the bondholders will have lost anything in case the company shall be able to extinguish its accident liability for less than 8% of its gross passenger revenue.

The N. Y. Life Insurance Co. has commenced an action to procure a judicial determination as to the status of the accident reserves under the provisions of Sec. 2, Art. 3, of the adjustment mortgage. (V. 99, p. 970, 343; V. 98, p. 1538, 690.)

Improvements, etc.—175 low-level, centre entrance stepless cars were placed in service, principally on the Broadway line, and 45 low-level centre entrance storage battery cars on several of the crosstown lines, replacing the obsolete horse cars. This low-level car has practically eliminated boarding and alighting accidents so common in the old type of car. An emergency device has been installed whereby a passenger by pulling a lever can shut off the current, apply the brakes and stop the car, and experiments are being conducted with a device whereby the same operation will also automatically open the door after the car has stopped.

Steps are being taken to abandon the Roosevelt St. Ferry branch aggregating about one-third of a mile of double track, since it is no longer necessary for the convenience of the public.

Purchase.—Arrangements have been concluded for the purchase of a majority of the \$600,000 capital stock of the 23d St. Ry. Co. for \$350 per share, payable in our First Real Estate & Ref. M. 30-year 4% gold bonds at par. This offer has been extended to all of the stockholders of the aforesaid company, and an application is now pending for the consent thereto of the P. S. Commission (V. 98, p. 1768).

INCOME ACCOUNT FOR THE YEAR ENDING JUNE 30.

	1913-14.	1912-13.		1913-14.	1912-13.
Revenues—			Operating Income—		
Passenger	13,421,681	13,605,853	Other Income—		
Advertising	325,000	300,000	Divs. on sec. owned	212,015	212,000
Sale of power	90,703	133,734	Interest received ..	118,611	76,832
Miscellaneous	23,454	25,572	Real est. rent., &c.	103,574	121,198
Total revenues—	13,860,838	14,065,159	Gross income—	4,442,959	4,529,332
Expenses—			Interest on—		
Maint. of way and			Underlying bds.	492,500	492,500
structures	1,635,579	2,813,032	1st real est. and		
Maint. of equip't.	1,136,589		ref. M. bonds	651,838	651,838
Horse power	125,989	183,274	Adjust. M. in-		
Oper. power plant	841,456	748,422	come bonds ..	1,112,678	1,190,164
Oper. of cars	3,458,437	3,456,387	do rate per ct. (3.633%)		(3.886%)
Injuries to persons			Other interest ..	77,074	78,561
and property	1,041,507	1,088,468	Lease of oth. roads	1,885,849	1,885,152
General and misc.	520,417	486,379	Other rents, &c. ..	210,807	238,501
Total oper. exp.	8,759,974	8,775,962	Amortiz'n of debt		
Net earnings	5,100,864	5,289,197	discount, &c. ..	8,280	841
Taxes	1,092,105	1,169,895	Total deductions—	4,439,026	4,537,557
Oper. income—	4,008,759	4,119,302	Bal., sur. or def. ..	sur. 3,933	def. 8,225

The gross earnings of the Williamsburgh Bridge local car operation for six months ending June 30 1914 were \$61,924 and the surplus after charges \$12,130, making total surplus of the system after all deductions for the year \$16,063.

BALANCE SHEET JUNE 30.

	1914.	1913.	1912.
Assets—			
Cost of property (see note)	\$74,286,882	\$74,318,521	\$74,348,540
Miscellaneous deferred adjustments ..	13,536	14,873	339
Deposit proceeds of foreclosure, C. Pk. N. & E. R. bonds, int. from April 26 1913 (see contra) ..	1,536,274	1,550,353	-----
Acct. Joint Comm. agreement of sale Dec. 30 1911 (debit account) ..	733,569	696,194	-----
Purchase Crosstown Ry. 1st 5s ..	602,454	602,454	598,454
Tort claims and expenses prior to Jan. 1 1912 ..	538,987	487,673	258,776
Purchase of tort claims ..	5,471	-----	-----
Taxes accrued to Jan. 1 1912 ..	134,651	134,714	34,767
Int. on underl. bds. acc'd to Jan. 1 '12	137,708	137,708	137,708
Int. on real est. M. acc'd to Jan. 1 '12	12,469	12,469	12,469
Miscellaneous ..	625	625	-----
Additions and betterments to property owned or leased ..	1,996,486	455,009	70,644
Investments ..	149,418	-----	-----
Current acct., Metropolitan St. Ry. ..	28,265	30,299	-----
Materials and supplies ..	877,097	932,991	746,062
Cash available ..	773,647	1,799,276	2,154,752
Cash—Deposit for specific purposes (see contra) ..	614,433	542,486	470,370
Certificate of deposit ..	600,000	-----	-----
Bills receivable ..	-----	1,001,000	120,600
Accounts receivable ..	278,187	163,884	1,000
Accrued accounts ..	55,970	64,090	62,018
Prepaid accounts ..	83,839	101,334	65,834
Contingent assets (see contra) ..	7,703	8,903	-----
Deferred charges ..	33,055	38,122	-----
Total	\$83,500,726	\$83,092,978	\$79,082,333
Liabilities—			
Capital stock ..	\$17,495,060	\$17,495,060	\$17,500,000
First Real Est. & Ref. M. 4s ..	16,295,948	16,295,948	16,299,168
Adjustment M. Income 5s ..	30,626,977	30,626,977	30,629,177
Underlying mortgage bonds ..	9,850,000	9,850,000	9,850,000
Real estate mortgage ..	950,000	950,000	950,000
Bills payable ..	*1,252,454	*1,252,454	598,454
Proceeds foreclosure, C. Pk. N. & E. R. RR. bds., int. from Apr. 26 '13 (see con)	1,536,274	1,550,353	-----
Acct. Joint Comm. Agreement Sale Dec. 30 1911 (credit account) ..	554,497	554,497	500,000
Int. received on cash from Joint Com.	34,785	22,034	4,863
Div. received on stock owned, accrued Jan. 1 1912, and interest ..	47,000	47,365	-----
Bal. award to 42d St. & Gr. St. Ry. Ry. agreement dated Feb. 21 '12, and int. ..	197,982	194,146	188,499
Accounts payable ..	490,066	524,589	538,981
Int. & rent due & unpaid (see contra)	614,433	542,486	470,370
Int., rentals & taxes, &c., accrued ..	1,035,452	1,260,526	755,528
Reserves ..	a2,424,448	911,129	410,416
Surplus ..	b83,486	998,792	377,228
Miscellaneous ..	11,864	16,623	9,649
Total	\$83,500,726	\$83,092,978	\$79,082,333

	1914.	1913.	1912.
Assets—			
Real estate, plant, equipment, &c. ..	20,965,753	20,452,159	20,452,159
Investments ..	3,325,188	3,432,656	3,432,656
Cash ..	654,389	658,787	658,787
Accts. rec. (less res.) ..	3,488,877	3,093,853	3,093,853
Notes receivable ..	1,747,587	1,151,050	1,151,050
Inventories ..	1,898,681	2,878,216	2,878,216
Due from—			
Jointly owned corporations ..	1,369,194	1,575,634	1,575,634
Other companies ..	904,620	651,187	651,187
Potash adjustment ..	275,066	748,184	748,184
Earnings accrued on investment ..	209,350	231,028	231,028
Prepaid exp., &c. ..	3,192,575	3,421,255	3,421,255
Cash in sink fund ..	612	-----	-----
Profit and loss ..	x1,152,502	1,357,637	1,357,637
Total	39,184,394	39,651,646	39,184,394
Liabilities—			
Preferred stock ..	13,055,500	13,055,500	13,055,500
Common stock ..	7,303,500	7,303,500	7,303,500
Funded debt ..	12,418,800	13,000,000	13,000,000
Accounts payable ..	303,033	379,832	379,832
Loans and notes payable ..	5,007,434	4,038,306	4,038,306
Interest on bonds & notes accrued ..	226,094	170,798	170,798
Due jointly-owned corporations ..	10,586	29,717	29,717
Special reserves ..	859,447	1,673,993	1,673,993
Total	39,184,394	39,651,646	39,184,394

a Reserves in 1913-14 include injury and damage claims and expenses of litigation, \$1,032,889; accrued amortization of capital (contingent account), \$1,385,464, and amortization of cost of stock Bridge Op. Co., \$6,095.

b After deducting amount transferred to "accrued amortization of capital—contingent account," representing reserve for maintenance and depreciation applicable to the one-year and six mos. ended June 30 1913, less adjustment of taxes and interest revenues, applicable to period ended June 30 1913, \$931,369.

* Bills payable issued to purchase 1st M. 5% bonds Metropolitan Crosstown St. Ry., \$602,454, and in renewal of note (assumed Oct. 3 1912) made by the joint committee, \$650,000.

Note.—Cost of property under the terms of the reorganization plan of the Metropolitan St. Ry. Co. dated Nov. 29 1911, and agreement of sale thereunder, dated Dec. 30 1911, incl. railways, equip't., real estate, int. and estates acquired or to be acquired under or by virtue of the foregoing plan and agreement of sale. This amount as well as the corresponding liability accounts are stated subject to final adjustment on completion of the accounting with the receivers of the Metropolitan St. Ry.—V. 99, p. 970, 675.

International Agricultural Corporation, New York.

(5th Annual Report—Year ending June 30 1914.)

President Stephen B. Fleming says in substance:

After deducting \$66,102 for extraordinary expenses for research and experimental work, the earnings from operations were \$973,073, from which were deducted \$646,529 for bond interest and \$241,636 for amortization of bond discount, organization expenses, &c., and depletion of phosphate rock lands (leaving net profits on operations of \$84,908). An additional profit of \$222,060 was derived from bonds purchased at discount and canceled in accordance with the sinking fund requirements of the mortgage, making a net surplus for the year of \$306,968, as compared with a deficit of \$161,493 for the preceding year.

The earnings of corporations, owned jointly with local interests, have been considered only to the extent to which dividends have actually been declared by such corporations. As of June 30 1914 your proportionate share of such undistributed earnings was \$168,951.

No charge against earnings has been made for depreciation of plants and other properties other than a charge for depletion of phosphate rock mined and sold. During the year, however, \$498,266 was expended for improvements, betterments and extensions to properties and plants and charged to capital account, and \$246,172 for repairs and renewals, the latter amount having been included in operating expenses.

The inventories have been reduced by \$979,535, but the accounts receivable and notes receivable show an increase of \$991,562, due to the increased volume of business, the sales for the year having increased over \$1,500,000. Under the terms of the mortgage, the trustee purchased and canceled \$581,200 bonds for the sinking fund.

The tonnage of fertilizer used in the United States during the past year indicates a healthy expansion of the industry, and further progress was made in extending the sale of our products, and particularly of complete fertilizer. The results accruing from the arrangement made by your Company in respect to its supplies of sulphuric acid, to which your attention was called in the last report (V. 97, p. 1895), have justified the statement then made that the matter had been definitely and satisfactorily disposed of.

Regarding the claims which your company had against the German Government for refund of potash taxes, we are informed that the entire principal of the refund has been paid by the German Government to the potash syndicate, and is deposited in escrow in a German bank for distribution.

The earnings of the phosphate rock properties in Florida showed a slight increase over the preceding year. The improvements referred to in the last annual report (V. 97, p. 1895) are being made, and when completed, together with economies that have been effected, will, it is believed, enable your company materially to reduce its cost of production. The earnings and operations of this department for the current year, however, may be seriously affected if the European war be prolonged, as a large tonnage is shipped to European countries.

The phosphate rock properties in Tennessee in which your company is interested have been carefully investigated and several important changes have been made, the effect of which will be to reduce the royalties to be paid on rock mined on leased land, and generally to place the affairs of your company in that field in such a position that an expenditure of sufficient funds for an up-to-date mining plant may be justified.

While the results of the improvements and changes that were undertaken the latter part of last year have not been fully reflected in the statement of profits for the fiscal year ended June 30 1914, a material increase in earnings was realized. Until the outbreak of the European war, your management was encouraged to believe that the results of the present year's operations would show a further and substantial improvement. Unprecedented conditions have, however, been created by the war, and the extent to which they may affect our earnings and operations is problematical.

INCOME ACCOUNT FOR YEAR ENDING JUNE 30.

	1913-14.	1912-13.	1911-12.	1910-11.
Gross profit on operat'ns ..	\$1,934,494	\$1,718,832	Not stated	*\$2,041,917
Operating, &c., expenses ..	1,104,049	1,054,441	-----	621,571
Extraor. exp., research wk. ..	66,102	-----	-----	-----
Net earnings	\$764,343	a\$664,391	b\$2,031,209	*\$1,420,346
Divs. from jly. own. corps ..	c208,730	c	c	c
Gross income	\$973,073	a\$664,391	b\$2,031,209	*\$1,420,346
Bond interest	646,529	650,000	655,696	See below
Balance, surplus	\$326,544	\$14,391	\$1,465,513	*\$1,420,346
Amort. of bd. disc., or-				
ganization exp., &c. ..	241,636	175,884	-----	-----
Preferred dividends ..	-----	(3 1/4)457,303	(7)914,505	(7)835,527

Bal., sur. or deficit .. sur. \$84,908 def. \$618,796 sur. \$551,008 sur. \$584,819

There was also in 1913-14 a profit of \$220,060 on bonds purchased at discount and canceled under operation of sinking fund, making a total for the year of \$306,968.

* Gross profits in 1910-11 are stated after deducting int. on floating debt.

a The profits in 1913-14 and 1912-13 are stated before charging bond int. and amortization and also general depreciation of plants. There was expended for improvements and extensions, however, in those years \$498,266 and \$564,310, respectively, and \$246,172 and \$289,371, respectively, for repairs and renewals, the latter having been charged direct to oper. exp.

b See foot-note "a" above.

c The company's share of undistributed earnings is not included. This amounted to \$102,295 in 1912-13 and the total as of June 30 1914 was \$168,951.

CONSOLIDATED BALANCE SHEET JUNE 30, INCLUDING AFFILIATED 4. e., 100% OWNED COMPANIES, WITH INTER-CO. ACCTS. ELIM. (See V. 95, p. 967.)

	1914.	1913.	1914.	1913.
Assets—			Liabilities—	
Real estate, plant, equipment, &c. ..	20,965,753	20,452,159	Preferred stock ..	13,055,500
Investments ..	3,325,188	3,432,656	Common stock ..	7,303,500
Cash ..	654,389	658,787	Funded debt ..	12,418,800
Accts. rec. (less res.) ..	3,488,877	3,093,853	Accounts payable ..	303,033
Notes receivable ..	1,747,587	1,151,050	Loans and notes payable ..	5,007,434
Inventories ..	1,898,681	2,878,216	Interest on bonds & notes accrued ..	226,094
Due from—			Due jointly-owned corporations ..	10,586
Jointly owned corporations ..	1,369,194	1,575,634	Special reserves ..	859,447
Other companies ..	904,620	651,187	Total	39,184,394
Potash adjustment ..	275,066	748,184		
Earnings accrued on investment ..	209,350	231,028		
Prepaid exp., &c. ..	3,192,575	3,421,255		
Cash in sink fund ..	612	-----		
Profit and loss ..	x1,152,502	1,357,637		
Total	39,184,394	39,651,646	Total	39,184,394

x After deducting adjustments during the year applicable to period prior to June 30 1913, \$101,833.

Note.—There are also contingent liabilities consisting of endorsements on notes receivable of the company and paper of jointly-owned corporations amounting to \$3,480,703 not included above.—V. 99, p. 751, 677.

Standard Milling Company.

(Report for Fiscal Year ending Aug. 29 1914.)

The results for the late year compare as follows:

	1913-14.	1912-13.	1911-12.	1910-11.
Net profits ..	x\$1,053,637	x\$835,151	{ \$826,283	\$766,737
Interest on bonds ..	-----	-----	{ 143,300	146,491
Balance	\$1,053,637	\$835,151	\$682,983	\$620,246
Retirem't pref. stk. (1%) ..	\$66,815	\$67,935	-----	-----
Dividend on pref. stock ..	(5)334,370	(5)339,450	(5)344,737	(4)275,772
Div. on common stock ..	(3)137,817	(2)91,870	(2)91,858	-----
Balance, surplus	\$514,635	\$335,896	\$246,388	\$344,474

x Net profits in 1913-14 and 1912-13 are stated after deducting bond interest and amounts added to reserves.

CONSOL. BALANCE SHEET AUG. 29 (INCL. SUBSIDIARY COS.).

Assets—	1914.	1913.	Liabilities—	1914.	1913.
Land, bldgs., machinery, trade-mks., good-will, &c.	18,264,401	18,078,323	Preferred stock	6,591,500	6,691,500
Cash	742,661	542,080	Common stock	4,600,000	4,600,000
Accts. receiv., &c.	1,453,362	1,153,325	Bonded debt	5,075,000	5,380,000
Inventories	2,827,010	3,107,118	Bills payable	1,206,107	1,344,800
Prepaid insur., &c.	122,670	120,423	Accounts payable	422,491	294,083
Insur. fund, &c.		132,802	Accr. int., tax., &c.	280,447	200,358
Miscellaneous	18,616	20,844	Insurance reserve		132,802
Total	23,428,720	23,154,915	Depr'n, &c., res.	568,863	494,000
			Retirem't pf. stk.	203,750	136,935
			Profit and loss c.	4,480,562	3,880,437
			Total	23,428,720	23,154,915

a After deducting reserve for doubtful accounts. b Part secured by wheat. c Includes in 1914 working capital reserve, \$3,000,000, and unappropriated surplus, \$1,480,561.—V. 99, p. 1134, 54.

United Paperboard Company.

(First Annual Report—Year ending May 30 1914.)

President Sidney Mitchell says in substance:

Notwithstanding the business depression throughout the country, following the reduction in tariff, the net earnings for the year were \$141,589, or over 6% on the pref. stock. The prices of many grades of our product were lower than for several years, and the reduction in tariff on pulp, of which the company has a capacity of over 100 tons per day, adversely affected earnings of our pulp mills, owing to the very low prices made by foreign manufacturers.

The expenditures for improvements and additions the past year amounted to \$169,635, resulting in an 8% increase in the average daily capacity of our paperboard mills. The company also paid off \$235,000 underlying mortgages on its mills, leaving underlying liens outstanding aggregating \$552,000 on four of the mills. These mortgages mature during 1919-1921. The other 11 mills owned are now free and clear of any mortgage debt.

The directors feel that the policy of improving the physical conditions of the mills should be continued and div. payments deferred for the time being.

RESULTS OF OPERATIONS OF UNITED PAPER BOARD CO. AND ITS PREDECESSORS.

Years ending—	Present Co. May 30 '14.	United Box Board Co. Mar. 29 '13.	Mar. 30 '12.	April 1 '11.
Gross earnings	\$508,406	\$470,902	\$413,709	\$415,205
Repairs and replacements	\$163,501	\$136,278	\$123,819	\$128,564
Idle mill charges		27,146	38,936	40,544
Taxes and insurance	40,300	38,166	35,114	36,010
Administration expenses	44,770	78,441	71,546	72,952
Total	\$248,571	\$280,031	\$269,415	\$278,070
Net earnings	\$259,835	\$190,871	\$144,294	\$137,135
Other income	7,523	3,714	10,729	3,811
Total net earnings	\$267,358	\$194,585	\$155,023	\$140,946
Interest charges	35,769	*65,027	*65,525	172,352
Depreciation	90,000			
Balance for the year	\$141,589	\$129,558	\$89,498	def. \$31,406

* Does not include interest on general mortgage or collateral trust bonds of United Box Board & Paper Co.

BALANCE SHEET OF MAY 30 1914 (Compared with United Box Board Co. March 30 1913 and 1912).

Assets—	May 30 '14.	Mar. 29 '13.	Mar. 30 '12.
Plants, equipment and good-will	\$14,310,744	\$14,688,468	\$15,807,679
Personal prop. at gen. offices & mills		31,251	32,098
Stocks and bonds		2,369,047	2,363,541
Cash	169,460	81,191	46,229
Notes receivable	455,488	2,832	51,975
Accounts receivable		326,588	385,563
Merchandise, materials and supplies	331,740	589,674	472,380
Deferred charges	2,993	17,817	37,151
Suspended assets		7,017	
Total	\$15,277,442	\$18,106,868	\$19,196,616
Liabilities—			
Preferred stock	\$2,100,000		
Common stock	12,000,000	\$15,000,000	\$15,000,000
Sundry bonds and mtgs. (not liabilities of company)	552,000	a2,344,000	a3,550,990
Bills payable	272,195		
Accounts payable	170,496	552,270	559,183
Res. for accr. int., taxes & sundry ch.	41,162	41,983	36,643
Surplus	141,589	168,615	49,800
Total	\$15,277,442	\$18,106,868	\$19,196,616

a Incl. United Box Board & Paper Co. bonds now retired.—V. 99, p. 1150.

GENERAL INVESTMENT NEWS.

RAILROADS, INCLUDING ELECTRIC ROADS.

Algoma Central & Hudson Bay Ry.—Second Mortgage. The company has filed for record a mortgage dated Aug. 14 1914, made to the U. S. Mortgage & Trust Co., as trustee, to secure an issue of 2d M. 6% 50-year gold bonds, due Sept. 1 1964, total now limited to \$3,240,000; present issue \$1,000,000.—V. 99, p. 1051, 814.

Arkansas & Memphis Railway, Bridge & Terminal Co.—Extension of Notes.—A block of \$2,000,000 notes due Oct. 17 held, it is stated, by a small number of bankers and institutions, is said to have been extended "for a period and on terms not made public."—V. 99, p. 1129, 968.

Auburn & Syracuse (N. Y.) Electric RR.—Pref. Div. Deferred.—The directors on Oct. 16 voted to defer the quarterly dividend on the \$1,500,000 6% non-cum. pref. stock usually paid in October because of business conditions brought on by the European war.

Dividends on Preferred Stock (Per Cent).
1904. 1905. 1906. 1907 to 1913. 1914.
—V. 81, p. 1609. 4 1/4. 5 1/4. 6. 1 1/4. 1 1/4. 0

Aurora Elgin & Chicago RR.—Earnings.—
Year end. Gross Net (after Other Interest Pref. Div. Com. Div. Bal.
June 30. Earnings. Taxes). Income. Paid. (6%). (3%).
1913-14. \$2,094,157 \$697,365 \$2,027 \$418,759 — \$280,308 — \$325
1912-13. 2,013,030 774,388 1,813 395,223 \$186,000 \$93,000 101,978
—V. 99, p. 968, 894.

Boston Elevated Ry.—New Subway.—The Boylston St. rapid transit subway in Boston was opened for traffic Oct. 3 from the Tremont St. subway near Charles St. and the Public Gardens, westward, toward Brookline, 1 1/2 miles (double-tracked), reaching the surface in Commonwealth Ave. at Kenmore St. The subway cost the city about \$4,500,000; also the company for tracks, signals, &c., about \$150,000. Rental to city, 4 1/2% on cost, or, say, \$200,000 per annum. The city is also building the Dorchester tunnel and the East Boston tunnel extension, at a cost of over \$12,000,000, and will probably have them ready for use within a year or two (V. 93, p. 1785; V. 97, p. 1354).—V. 99, p. 1129, 894.

Boston & Maine RR.—Trusteeship of Control.—See New York New Haven & Hartford RR. report on a subsequent page.—V. 99, p. 1126, 1129, 1051.

Boston RR. Holding Co.—Trustees in Control.—Howard Elliott and the other directors on Oct. 21 resigned and the trustees named in the decree in the Government suit assumed control, Judge Marcus P. Knowlton becoming President. See New York New Haven & Hartford report on a subsequent page.—V. 98, p. 999.

Brooklyn Rapid Transit Co.—Quarterly Statements.—The company has adopted the policy of issuing quarterly statements of earnings in addition to the statements filed with the P. S. Commission. The first of these quarterly reports for the three months ended Sept. 30 will be found among the monthly net earnings preceding this department.

Report of N. Y. Municipal Ry. Corp. upon Construction and Equipment of Lines Which Are to Be Operated by B. R. T. Interests under Dual Plan.—An official statement shows:

The contract has been awarded for the installation of track and line equipment in the Fourth Ave. subway in Brooklyn between Manhattan Bridge and 86th St. Additional power facilities are in process of being supplied for this line and also for the Sea Beach Line, and contracts will shortly be awarded for a part of the block-signaling and interlocking system.

On the Sea Beach Line, all told, 850,000 cub. yds. of material have been excavated and 100,000 cubic yards of concrete are now in place; 85% of the steel required has been finished and delivered and 45% erected. During September permanent tracks and ballasting were installed on about 2 miles of the line. Bridge work is making good progress. Average daily number of men employed on Sea Beach construction work in September, over 2,200.

The 38th St. cut connecting the Fourth Ave. subway and the Culver and New Utrecht elevated lines has been progressing rapidly; 98% of excavation completed; 80% of concrete poured.

Third-tracking of the Fulton St. elevated line is under way between Nostrand Ave. and Sackman St.

On the Center St. Loop, which will shortly join the Fulton St. and Broadway elevated lines, the two remaining tracks are approaching completion and the installation of track and line equipment, &c., is proceeding rapidly; work has begun on the additional block signal and interlocking system.

For the Liberty Ave. line steel shipments have been renewed and 1,600 lineal feet of structure were erected during September. Concrete work in connection with columns is practically completed; 44% of the total steel has been delivered. Contract has been awarded for the immediate installation of track and line equipment.

Re-construction of the Lutheran Cemetery line is in progress.—V. 99, p. 338, 348, 466.

California-Western RR. & Navigation Co.—Authorized.—The Cal. RR. Commission has authorized the company to issue \$750,000 1st M. 6% 20-year bonds to retire outstanding bonds and repay advances to the Union Lumber Co., and has also ratified a former issue of \$100,000 bonds given to the Union Lumber Co. under its mortgage to the Anglo-California Trust Co., which had been previously issued without proper sanction.—V. 99, p. 894.

Central Electric Ry., Kansas City, Mo.—Interest Payment—Extension.—The committee representing the holders of the bonds deposited under the agreement dated March 10 1914 announces that interest due Nov. 1 will be paid as follows: On receipts for deposited bonds at N. Y. Trust Co.; on undeposited bonds at the Equitable Trust Co. See advertisement on another page.—V. 98, p. 1315.

Central Vermont Ry.—New Directors.—W. H. Bigger of Montreal and H. S. Marston of New York have been elected directors to succeed E. H. Baker and E. L. Marston.

Earnings.—For years ending June 30:
June 30. Gross Net (after Other Interest, Balance.
Year— Income. Taxes). Income. Rents, &c. Deficit.
1913-14. \$4,500,111 \$365,736 \$193,720 \$818,714 \$259,258
1912-13. 4,577,590 743,136 62,886 815,817 9,795
The deficit from operations in 1913-14, \$259,258, was covered by a contribution from the Grand Trunk Ry. under its guaranty.—V. 98, p. 1459.

Chesapeake & Ohio Ry.—New Director.—C. E. Graham has been elected a director to succeed Frank A. Vanderlip, President of the National City Bank, who resigned.

Mr. Vanderlip, it is stated, will also leave the boards of the Missouri Kansas & Texas, Seaboard Air Line and the Norfolk Southern and other companies, to give more time to the bank's South American business and in deference to public sentiment against interlocking.—V. 99, p. 1066, 1051.

Chicago City & Connecting Rys.—Chairman.—Harrison B. Riley, President of the Chicago Title & Trust Co., has, it is announced, been elected to succeed Ira M. Cobe (who has resigned, effective Oct. 31), both as Chairman of the Exec. Comm. of this company and as a member of the board of operation, and Chairman of the Exec. Comm. of the Chicago Surface Lines, the organization that operates all the surface street railways in Chicago. Compare V. 98, p. 303, 1693.—V. 98, p. 610.

Chicago & Eastern Illinois RR.—Payments.—The receivers will pay on Nov. 1 the coupons then due on \$21,343,000 5% General Consol. & M. bonds. Interest and principal of equipment trusts maturing in November, as well as that which was deferred in October, will also be paid in November.—V. 99, p. 966, 888, 341.

Chicago & North Western RR.—New Officer.—Arthur S. Pierce has been elected Treasurer of the company and of the Chicago St. Paul Minneapolis & Omaha Ry. to succeed M. B. Van Zandt, deceased.—V. 99, p. 827, 810.

Chicago & Oak Park Elevated RR.—Receiver's Certificates.—Receiver Insull has applied to the U. S. District Court for authority to issue certificates ranking ahead of the bonds, to provide for track elevation in Oak Park. See V. 99, p. 969.

Chicago Peoria & St. Louis RR.—Committee for Gen. & Ref. M. 4 1/2s.—The following protective committee, representing a majority of the issue, urges the deposit of the (\$2,000,000) General and Refunding 4 1/2% gold bonds, due Dec. 1 1939, with coupons due June 1 1914 attached, with the Bankers Trust Co., 14 Wall St.

Committee: Frederick J. Lisan, Chairman, and Alfred Shepherd, with Graham Adams as Secy., 30 Broad St., N. Y. City, and White & Case, counsel.—V. 99, p. 673, 342.

Chicago Railways.—Traffic, &c.—Henry A. Blair, Chairman of the Board of Operation of the Chicago Surface Lines, controlling all the surface railroads of Chicago, was quoted recently in part as follows:

"We feel that the surface lines are doing fine in view of general prevailing conditions. Our traffic is running a fraction of 1% above last year, which

showed a normal gain. We have been able to reduce the operating charge to 72.76%. This will enable us to show an increase in net earnings over last year. The decrease in traffic is due almost wholly to a falling off in the manufacturing districts.

The trunk lines of the system continue to show increases. The situation is perhaps better in Chicago than some other centres from which we have heard. We shall put on the entire system about 155 new cars between now and the first of the year. And we are keeping up the lines to the maximum of efficiency. It will be necessary, however, to watch closely all expenditures. What we shall do in the way of extensions next year must depend in considerable measure upon money market conditions. The companies could not afford to bring out bonds in a market like this. The necessary expenditures are well within proper appropriations.

Speaking for the Chicago Railways alone, our shareholders have no reason to feel other than comfortable. While the fact has never been announced in connection with issues of securities, we have a renewal fund of \$1,700,000. This is cash in bank and is inviolate except for the purposes for which it is appropriated.

Possibility of Municipal Ownership in Chic.—Amort. Fund. See article by Bion J. Arnold in "El. Ry. Journal."—V. 99, p. 673.

Chicago Rock Island & Pacific RR.—Sale.—The foreclosure sale of the pledged (\$71,353,500) capital stock of the Ch. R. I. & Pac. Railway Co. is advertised for Nov. 24 at the County Court House, N. Y. City.

The stock will be sold as one parcel, and the would-be purchaser must first deposit, as earnest money, \$350,000 in cash (or certified check) or \$5,000,000 of the RR. Co.'s 4% collateral bonds of 1902. On acceptance of the bid, he must also deposit a further \$1,000,000 cash or \$10,000,000 of the said bonds, or part cash and part bonds in the aforesaid proportion, and must pay the remainder of the purchase price at such time of times as the Court shall direct.

Deposits.—There had been deposited with the Wallace committee up to the close of business Oct. 23 about \$34,962,000 of the 4% collateral bonds, the deposits from Oct. 14 to Oct. 23 aggregating \$6,226,000.

Mr. Amster's Further Protest.—N. L. Amster of Boston has followed his previous appeals to the bondholders (see V. 99, p. 1129, 894, 815) with a further protest, which, as shown in our advertising department, says in brief:

"You are advised not to deposit your bonds with the Wallace committee read the agreement and you will find it differs materially from the plan; the terms of the agreement under which we are asked to deposit our bonds are oppressive, unjust and unnecessary. Under the mortgage indenture 60% of the bondholders have the right to direct any method of enforcing the security and to get back the stock. If the trustee were to perform its plain duty, it would call a meeting of the bondholders, at which it would be directed to buy in the railway stock at the sale for the equal benefit of all bondholders, whether they deposit with this committee at enormous cost or not, and then the trustee would distribute the stock among all the bondholders. That requires no committee and no burdensome agreements. Our security is in no peril if we will but stand together and refuse to deposit our bonds until we can get a committee of our own selection. There is vastly too much power vested in this committee." [Mr. Amster then puts to the committee several questions.—Ed.] See plan V. 99, p. 1129.

About a dozen holders of the collateral trust bonds, representing some \$2,000,000 bonds not deposited with the Wallace committee, met with N. L. Amster on Thursday and began preparing plans for co-operation of the bondholders along the line of Mr. Amster's proposals. It is expected they will soon make public announcement. In all Mr. Amster has heard from over 400 holders of bonds, and of this number more than 100 have joined with him. The aggregate par value of these bonds is upwards of \$5,000,000. Mr. Amster thinks that there is much justification for his position in the testimony given before the I.-S. C. Comm. at last week's hearing on Rock Island matters.—V. 99, p. 1129.

Cincinnati Newpt. & Cov. Lt. & Trac. Co.—Decision. Judge Cochran in the U. S. District Court on Oct. 19 granted a temporary injunction restraining the city of Covington, Ky., from receiving bids for the sale of a new franchise over the streets of the city. The company claimed that it has a perpetual franchise on all lines except the Rosedale line, and that the ordinance of 1864, limiting the period of a street railway franchise to 25 years, was not of a general nature, but had a special bearing and referred only to the Covington Street Ry. Co., which was referred to in the ordinance, so that when Council, by the ordinance of Dec. 13 1869, granted to Abbott and others the right to construct and operate a street railway system on certain streets within the city and made no mention of the term of the franchise, except that the grant shall determine on failure to construct the lines and operate cars or to pay the annual stipend, that it was not the intention of Council to limit the franchise as long as the company operated its cars.

The Court says that both in the ordinance of Dec. and in the contract of Dec. 23 1869 it was provided that the city granted "all the authority and right" that it had "the capacity to grant," and as it had the capacity to grant a perpetual franchise, the provision was the same as if it had said in so many words that it granted a perpetual franchise.

Judge Cochran also says that in 1882 the city granted to the South Covington & Cincinnati Street Ry. a franchise expressly stipulating that it was to operate under the Abbott grant, the franchise now held to be perpetual.—V. 99, p. 608.

Cleveland (Electric) Ry.—Authorized.—The Ohio P. U. Commission on Oct. 17 authorized the company to issue additional stock.—V. 99, p. 1051, 969.

Columbus & Southern Ry.—Receivership.—Judge Kinkead of Columbus, at Hamden, O., on Oct. 19 placed this 22-mile road (Wyandotte to South Bloomingville, O.) in the hands of Henry A. Middleton, as receiver.

The application for a receiver was made by James C. Melvin, a creditor, who alleged that the company owes him a \$200,000 balance on \$500,000 bonds and an additional sum of \$18,575 for advances.—V. 93, p. 229.

Columbus Urbana & Western (Electric) Ry.—Still Independent.—Gen. Mgr. L. P. Stephens, in a letter to the "Electric Railway Journal," says:

The affairs of the company having been satisfactorily adjusted, there was no longer any necessity for continuing the receivership, and upon agreement with the owners of the property I applied to the court for permission to file a final accounting and turn the property over to the company. There was no statement made before the Court that any company owned the outstanding bonds of the Columbus Urbana & Western Electric Ry.

The Columbus Railway & Light Co. does not now own and never has owned any of the securities of the Columbus Urbana & Western Electric Ry., for the entire bond and stock issues are held by seven individuals, none of whom have any interest in the Columbus Ry. & Light Co.—V. 99, p. 748.

Coney Island & Brooklyn Ry.—New Directors.—The board of directors having been increased from 9 to 13, T. S. Williams, J. H. Bonnington, George D. Yeomans and William Seibert, all connected with the Brooklyn Rapid Transit Co., have been elected directors.—V. 98, p. 386, 303.

Denver & Rio Grande RR.—New Director.—Samuel F. Pryor has been elected a director to succeed Edwin Gould, who, it is stated, is reducing his directorships.—V. 99, p. 899, 877.

Detroit Toledo & Ironton RR.—Securities Ready.—The reorganization committee of the old Railway announces that certificates of deposit issued under plan of Dec. 15 1913, endorsed "all installments paid," will, on or after Oct. 28 1914, if duly endorsed in blank, be exchanged at the New York Trust Co., 26 Broad St., N. Y. City, for the new securities to which holders are entitled by the plan (V. 97, p. 1821).

Earnings.—The new company took over the property as of March 1 1914, but it was necessary to devote the first four or five months immediately following to an extensive rehabilitation of the property. The earnings for the first three months of the fiscal year beginning July 1 1914 were:

Gross—	1914.	1913.	Net—	1914.	1913.
July.....	\$151,590	\$135,953	July.....	\$10,344	\$63,809
August.....	181,652	146,240	August.....	41,075	df. 78,969
September (est.)..	205,270	126,086	September.....	Not yet reported.	

The total gross earnings for the three months ending Sept. 30 1914 were \$538,512, being an increase of \$130,232, as compared with the corresponding period in 1913.—V. 98, p. 1766, 1316.

Detroit (Mich.) United Ry.—In Abeyance.—The U. S. Supreme Court on Oct. 16 decided to hold in abeyance for one year the suits which have been pending before it for 18 months, in the one-fare and workingmen's ticket litigation.

The company's attorneys have agreed not to press the case so long as the present day-to-day agreement of Aug. 7 is in effect. The State Courts held that when Fairview was annexed the company did not become entitled to collect an extra fare in the village, whether the regular fare was paid or the workingmen's eight-for-a-quarter ticket was used.—V. 99, p. 342, 269.

Erie RR.—Again Adjourned.—The special meeting of stockholders to act on the new refunding M. has been again adjourned for one week to Oct. 27.—V. 99, p. 1130, 969.

Florida Alabama & Gulf RR.—Receivership.—Judge Sheppard in the U. S. District Court on Oct. 17, in the suit brought by the trustee for the bondholders, appointed Thomas A. Johnson, Deputy Clerk of the Federal Court, receiver.—V. 98, p. 839.

Gary Hobart & Eastern Traction Co.—Foreclosure.—A press report from Gary, Ind., on Oct. 20 states that the South Side Trust & Savings Bank, of Gary, trustee for the bondholders, has filed suit in the Lake Circuit Court at Crown Point, asking for foreclosure on the mortgage, interest on the bonds being in default. Incorporated in Indiana in Aug. 1911 with \$125,000 stock to build an electric railway between Gary, Hobart and Valparaiso. Directors: W. H. Clinton, A. Z. Olson, A. J. Smith, J. H. Earle, E. H. Guyer, J. C. Caven-der and Grant Crumacker.

Georgia Southern & Florida Ry.—Earnings.—For year:

Year—	Operating Revenues.	Operating Income.	Other Income.	Interest &c.	Dis. Paid.	Balance Surplus.
1913-14....	\$2,596,549	\$347,019	\$161,459	\$358,225	\$88,400	\$61,853
1912-13....	2,566,850	394,574	143,316	342,412	88,400	107,078

Dividends include yearly 5% (\$34,200) on first preferred stock and 5% (\$54,200) on second preferred stock.—V. 97, p. 1497.

Grand Trunk Pacific Ry.—New Officer.—W. H. Biggar, K.C., has been appointed Vice-President and General Counsel.—V. 99, p. 1130, 674.

Hocking Valley Ry.—See "Reports" above.

Refunding of Notes.—Notice is given that the \$4,000,000 1-year 5% gold notes due Nov. 1 1914 will be paid on and after that date at the office, 71 Broadway, N. Y. In order to provide the funds required to pay the above notes, this company has sold to Kuhn, Loeb & Co. and the National City Bank of New York, subject to the approval of the issue by the Public Utilities Commission of Ohio, a new issue of \$4,000,000 1-year 6% Gold Notes due Nov. 1 1915.

The bankers named offer to the holders of the maturing notes (see adv. on another page) the privilege of exchanging the same for the new One-Year 6% Notes due Nov. 1 1915, and will make a cash payment of \$7 50 in respect of each \$1,000 note exchanged to holders accepting the offer and depositing their notes with either of said bankers for that purpose. The coupon due Nov. 1 1914 should be detached and collected at maturity. This offer is subject to withdrawal without notice.—V. 99, p. 1130, 1052.

Lake Shore & Michigan Southern Ry.—Company to Purchase \$1,500,000 of the Minority Stock at 500%.—The stockholders' protective committee, William A. Read of N. Y., Chairman, in circular sent on Oct. 19 to the stockholders in the deposit agreement of May 25 1914, says in subst.:

After long negotiations, your committee has come to an agreement with the Lake Shore & Mich. South. Ry. Co., under which that company has agreed to purchase all of the stock deposited with your committee, also the stock of holders who have been acting in harmony with your committee, to an amount not exceeding in all 15,000 shares, and to pay for the same on Dec. 15 1914 the sum of \$500 cash per share. Payment of this sum will be secured by deposit with Central Trust Co., depository, of the promissory notes of the railroad to the amount of the stock deposited, such notes and stock to be held in escrow until payment of the notes. Upon such payment holders of the certificates of deposit will be able, without further notice, to present their certificates, duly assigned, to the trust company, 54 Wall St., and receive payment in cash therefor of \$500 per share. The company has also paid \$200,000 cash to the committee for the records of investigations made of the books, history and property of the Lake Shore system, thus covering the very large expenses incurred, including fees of accountants, counsel and the committee. This payment will enable the committee to secure for the participating stockholders the full sum of \$500 cash per share for their stock, without any deduction, and also to return to depositors within a few days any advances heretofore made by them towards the expenses of the committee. This, however, does not include the penalty charged those stockholders who delayed depositing until after a time limit had been fixed by the committee.

In view of the times, this settlement is regarded by the committee as not unfavorable. The price of \$500 in cash per share is at present the salable value of nearly seven shares of N. Y. Central & Hudson River RR. Co. stock. On the other hand, Lake Shore stockholders who take stock in the consolidated company will do so on the basis of five shares for one.

The New York Central & Hudson River RR. on Jan. 1 1914 owned \$45,282,900 of the \$49,466,500 stock. With the shares just acquired, the New York Central Co., it is reported, either holds or has promised in favor of the consolidation all but about \$1,400,000 of the Lake Shore stock.

The Federal courts having in the suits brought by the committee denied the application for injunctions to prevent the consolidation, the latter, availing itself of an Ohio statute, requested that the stock be purchased. The quotation of 500 at which the stock sold on the N. Y. Stock Exchange

in June 1913 is the highest figure at which the stock has sold within two years. The suits brought by the committee have been discontinued by consent.—V. 99, p. 1130, 1052.

Lehigh Valley Transit Co.—Earnings.—

For Sept. 1914 the gross earnings were \$173,648, being almost as much as for August, which was the largest month's business in the history of the company. The net earnings were \$90,479, an increase of \$6,626; and there was a balance for the month of \$32,562, after deducting all interest charges, taxes, &c. An authoritative statement says "The business situation in the territory served continues to be very encouraging, the cement and silk mills having large orders in hand, and other industries being quite active. All the subsidiaries are doing well, particularly the Lehigh Valley Light & Power Co. and Easton Consolidated Electric Co. No large capital expenditures will be necessary for some time to come, the improvement program undertaken several years ago having been practically completed. The earnings of the system as a whole are not likely to be adversely affected by the prevailing business depression, because of the great diversity of industries in the company's territory and the fact that orders in hand are still large. Further large savings in operating expenses, it is believed, can be safely made, if necessary, without the slightest risk of deterioration of the property.—V. 98, p. 523.

Louisville & Nashville RR.—Called Bonds.—See adv. on another page giving numbers of \$110,000 Eavnsv. Hend. & Nashv. Div. bonds, called for payment at the office, 71 Broadway, at 110 and int., on Dec. 1.—V. 99, p. 1135, 1125.

Maine Central RR.—Board Reduced—New Directors—Acquisition.—The stockholders on Oct. 21 voted to reduce the number of directors from 15 to 12.

Members of New Board.—Morris McDonald, Joseph W. Symonds, Edward B. Winslow and Hugh J. Chisholm, Portland; Edward P. Ricker, South Poland; Weston Lewis, Gardiner; E. R. Brown, Dover, N. H.; John S. Hyde, Bath; George A. Curran, Calais; Frederick H. Appleton, Bangor; William T. Cobb, Rockland, and George E. Macomber, Augusta.

Old Directors Retired.—Samuel Hemingway, New Haven; John E. Liggett, Augusta; T. Dewitt Cuyler, Philadelphia; Fred E. Richards, Portland, and A. W. Sulloway, Franklin, N. H.

New Directors.—William T. Cobb (ex-Gov.), Portland, and Geo. E. Macomber, Augusta.

President McDonald says: "In this change the influence of the Maine Railways Companies, which was organized last April to take over the controlling interest of the Maine Central, then owned by the Boston & Maine, is first felt." The stockholders also authorized the purchase of the Rangeley Lakes & Megantic RR.—V. 99, p. 969, 965.

Nashville Chattanooga & St. Louis Ry.—New Officer.—T. A. Clark has been elected Secretary to succeed J. H. Ambrose, formerly Sec. & Treas., who remains Treasurer.—V. 99, p. 1131, 343.

Nashville-Gallatin Interurban Ry.—New Officers.—F. W. Hoover, Vice-Pres. and Gen. Mgr. of the Nashville Ry. & Light Co. and also Vice-Pres. of the Tennessee Power Co., has been elected President to succeed H. H. Mayberry, who resigned and becomes Chairman of the board.—V. 96, p. 1157.

New England Investment & Security Co.—New Control.—The preferred shareholders' committee composed of Moses Williams Jr., Henry B. Cabot and E. V. R. Thayer has concluded the purchase from Sanderson & Porter of New York of the company's entire outstanding capital stock (\$100,000), which was acquired in 1913 from the N. Y. N. H. & H. RR. Co., carrying the control of the Springfield, Worcester and other electric railways in Western Mass. The New Haven road (see report on another page) still owns through the New England Navigation Co. the \$13,709,000 3, 4 and 5% funding gold notes due 1924.

There is also outstanding \$4,000,000 pref. stock owned by approximately 1,000 holders, with dividends at 4% p. a., guaranteed by the New Haven. Messrs. Williams and Thayer and Francis H. Dewey of Worcester have been elected trustees in place of Sanderson & Porter's representatives, so that the entire board of trustees represents the pref. stock. Although Sanderson & Porter made a good profit on their \$200,000 investment, the holders of the 34,000 shares of pref. who have contributed \$10 per share toward the purchase of the common stock will be paid back a portion of their contribution, as the amount thus raised was considerably in excess of what Sanderson & Porter received. The first move of the new management will be to carry out the plan of Sanderson & Porter for eliminating by merger or otherwise some of the seven controlled holding and operating companies. See p. 81 of "El. Ry. Section" and V. 99, p. 675, 969.

New Orleans Texas & Mexico RR.—New Receiver's Certs.—**Option.**—The U. S. District Court for the Southern District of Louisiana early this month authorized Receiver O'Keefe to issue not exceeding \$3,500,000 one-year 6% certificates dated Oct. 15. Of the certificates the receiver may issue at present sufficient to retire the \$2,000,000 outstanding Series "A" Certificates due Oct. 15 and \$300,000 St. Louis Brownsville & Mexico certificates (V. 99, p. 749). The remainder are reserved for further order of the Court.

The receiver under date of Oct. 6 says in substance: As existing conditions preclude the possibility of an immediate reorganization (and also render it impracticable for the receiver to pay in cash the \$2,000,000 outstanding Series "A" certificates which mature Oct. 15), holders of the old outstanding certificates are offered in exchange therefor new certificates on the basis of \$1.025 face value of new certificates for each \$1,000 face value of the old certificates, being the equivalent of approximately an 8½% interest basis for the new certificates.

Under order of the Court the new certificates are made a lien upon the property of the company prior to the outstanding 1st M. bonds, aggregating approximately \$28,500,000, and are redeemable at any time on 30 days' notice at par and interest.

Certificate holders are requested to send their certificates to the Columbia Trust Co., New York, which will deliver new certificates in exchange therefor on the foregoing basis and at the same time make payment of the interest due Oct. 15. Fractional scrip will be issued by the Columbia Trust Co. for amounts of less than \$1,000 due on such exchange.—V. 99, p. 407, 120.

New York Central & Hudson River RR.—Stock.—See Lake Shore & Michigan Southern Ry. above.—V. 99, p. 1131, 1052.

N. Y. N. H. & Hartford RR.—See "Annual Reports." **Decree Entered.**—The "agreed decree" in the Government suit was signed by Judge Mayer in the U. S. District Court in this city on Saturday last. The main features are given in the report on a subsequent page.—V. 99, p. 1131, 1052.

Northern Electric Ry., California.—Chairman Hanchett Retires.—L. E. Hanchett has retired as Chairman of Board.

Committees.—At the meetings of security holders held in San Fran. Oct. 13 and Oct. 14, these committees were chosen: Northern Electric Co. bonds and notes secured thereby: Vanderlynn Stow (Chairman); Philip R. Manson of Suto & Co. (Vice-Chairman and Sec.); T. L. Miller, Henry Rosenfeld, Walter D. Mansfield, George Fredricks and I. I. Brown.

Northern Railway bonds and notes secured thereby: A. Bondheim, R. D. Robbins, A. T. de Forest, Myles Standish, Carl Raiss, Judge M. H. Hyland, Ed Harkness and A. F. Jones.

Sacramento & Woodland bonds and notes secured thereby: Fred W. Keisel, of the California Nat. Bank of Sacramento, and W. Mayo Newhall, representing the holdings of Natomas Consolidated.

Marysville & Colusa bonds and notes secured thereby: Elliott McAllister, W. J. Dutton, Dunning Rideout and A. T. de Forest, representing the U. S. Steel Products Co.

Unsecured creditors: A. M. Irwin, Benjamin Upham, A. F. Jones, Carl C. Broeck, Andrew Carrigan and A. L. Reed.

John S. Drum, of the Sloss trustees, said the system had cost \$12,500,000, of which \$3,500,000 had been realized by the sale of underlying bonds, \$5,500,000 by the flotation of securities and notes, \$3,500,000 had been advanced by the chief stockholders, without including another \$750,000 advanced by members of the Sloss family not directly interested in the property. The latter two items are held junior to all other claims and liens.

The securities sold and pledged, &c., it is understood, are about as follows: Nor. Elec. Co. 1st 5s, sold to public, \$2,544,000; pledged as collateral for notes, \$1,206,000. Northern Elec. Ry. Co. 1st M. 5s sold to public, \$952,000, and pledged as collateral for notes, \$5,700,000. Sac. & Wood. RR. 1st M. 5s, sold, \$435,000; pledged, \$315,000. M. & C. Branch RR. 1st M. 5s, sold, \$385,000, pledged, \$365,000.

Mr. Drum said that receipts from products of agriculture had been a bitter disappointment this year, the ranchers storing their hay crop and their oats and barley, awaiting higher war prices. The meetings were adjourned for three weeks. See also V. 99, p. 970, 1052, 1131.

Northwestern Pacific RR.—Completed.—Regular through service between San Francisco and Eureka will be established Nov. 15, the connecting line from Willits to Shively, 106 miles, having been completed.—V. 98, p. 1316.

Ogden Logan & Idaho (Electric) RR.—Merger.—This company was formed on Oct. 15 under the laws of Utah with \$5,000,000 of auth. capital stock as a consolidation of the Ogden Rapid Transit Co. and the Logan Rapid Transit Co. Of the new stock, 2½ shares, it is stated, will be given in exchange for each share of the Ogden Rapid Transit stock (\$500,000 auth.) and 1¼ shares for each 10 shares of the Logan Rapid Transit stock. The articles of incorporation will permit extensions as follows: 44 miles between Logan and Brigham City; 21 miles between Logan and Preston, Idaho, and 6 miles between Idlewild, in Ogden Canyon, and Huntsville, thus completing the Ogden-Preston interurban line and the extension on the Ogden Valley. Officers and directors (at incorporation) are: M. S. Browning, Pres.; L. R. Eccles, 1st V.-Pres.; Joseph Scowcroft, 2d V.-Pres.; R. B. Porter, Treas.; Royal Eccles, Sec.; D. C. Eccles, A. P. Bigelow, W. H. Wattis, A. T. Wright and H. H. Spencer, all of Ogden, and Mariner S. Eccles, Joseph Quinney, D. C. Budge, Joseph Howell and H. E. Hatch, all of Logan. See Ogden Rap. Tr. Co., V. 99, p. 748, 675.

Pacific Gas & Electric Co., San Francisco.—Tenders Asked for Sale of \$2,500,000 1-Year 5% Gold Notes.—N. W. Halsey & Co. and Harris, Forbes & Co. announce that the progress of the affairs of the Pacific Gas & Electric Co. enables that company, even under present conditions, to redeem immediately \$2,500,000 of its 5% notes, due March 1915. The total issue of notes is \$7,000,000. The company is advertising for sealed offerings (see another page) saying:

Notice is hereby given that the company will purchase and accept delivery as of Oct. 31 1914, at the lowest prices offered, \$2,500,000 of its one-year 5% gold notes maturing March 25 1915, being part of an outstanding issue of \$7,000,000. Sealed tenders may be sent to Bankers Trust Co., 16 Wall St., on or before Oct. 27 1914, specifying the numbers, amount and prices at which offered. The committee in charge will add accrued interest to and incl. Oct. 31 1914, an amounting to \$5 per \$1,000 note, and prices named should therefore be exclusive of accrued interest. A committee consisting of representatives of Bankers Trust Co., Harris, Forbes & Co. and N. W. Halsey & Co., acting for the company, will supervise this transaction and may accept or reject any or all bids in whole or in part. Funds for this purchase have been provided by sales of the new 1st pref. stock. See V. 99, p. 1131, 970.

Dividends.—Dividend No. 1, 1½%, has been declared on the new first pref. stock for the quarter ending Oct. 31, payable Nov. 16 to holders of record Oct. 31.

The directors will meet Oct. 31 for the purpose of declaring a dividend (No. 35) on the original pref. stock, this also to be payable Nov. 16 to holders of record on Oct. 31. See V. 99, p. 1131.

Pacific Great Eastern Ry.—New Stock.—The increase in the authorized capital stock from \$25,000,000 to \$40,000,000 on account of the Peace River extension, as voted by the shareholders on Aug. 7 and sanctioned by the Provincial Legislature, has been approved by Hon. Thomas Taylor, Minister of Railways.—V. 98, p. 1157, 763.

Parsons (Kan.) Railway & Light Co.—Decision.—

The petition of F. E. Workman of Parsons, Kan., for a petition of public convenience and necessity authorizing him to build and operate an electric-light and power plant in the city was recently denied on the ground that it did not appear that another light and power plant is required from a public standpoint. The company had notified the city that after the expiration of its franchise it would expect to charge a higher scale of rates. The Commission says that the whole controversy is one over rates, and that the present laws give a city of the first class sufficient power to regulate rates of an electric-light and power company. Express provision is also given in section 33 of the public utilities law for an appeal to the Commission by either the utility or ten aggrieved taxpayers in case any right, privilege or franchise granted or ordinance or resolution or part of any ordinance or resolution adopted by any municipal council or commission is unreasonable or against public policy or detrimental to the best interests of the city or contrary to law. The opinion is given at some length in the "Gas Age" of Oct. 15.

Peoria & Eastern Ry.—Time Extended.—The time for deposit of the 4% income bonds with the Empire Trust Co., as depository for the Wallace committee, has been extended to Nov. 1. Compare V. 99, p. 49.

St. Louis Brownsville & Mexico RR.—Receiver's Certs.—See New Orleans Texas & Mexico RR. above.—V. 99, p. 749.

St. Louis Southwestern Ry.—New Coupons.—Additional coupons for the \$20,000,000 1st M. bond certificates will be delivered upon presentation of the warrants calling for the same at the Guaranty Trust Co., 140 Broadway, N. Y., on and after said date.—V. 99, p. 1127, 817.

Seaboard Air Line Ry.—Dividend Deferred.—The directors voted on Thursday, owing to business conditions resulting from the European war, to defer action on the

usual quarterly dividend on the \$23,894,100 4% (non-cum.) participating stock, and thus conserve cash resources. From Nov. 1913 to Aug. 1914 1% was disbursed quarterly.

Chairman Warfield says:

The directors determined, in view of the business conditions due to the European war, to defer action on the dividend on the pref. stock, thus conserving the cash resources of the company. All of the officials (operating, traffic and other departments) have, following out the policy laid down immediately after war was declared, been enforcing the strictest economies in all branches of the service. In this connection the management feels that there should be no cut in the salaries of the officials and the clerical forces. The calls upon a large number of men employed in various capacities in the clerical and other office forces are, by reason of the very conditions confronting us, heavy, and, recognizing the admirable service and assistance given the management in its efforts at retrenchment, in these times it feels that there should be no diminution in the returns to these men. It is the hope, of course, that the employees will, by greater efficiency if possible, produce results of more value to the property than any savings which might be made through reductions in salaries.—V. 99, p. 604.

Southern Traction Co. of Illinois.—Repeal.—The East St. Louis City Council on Oct. 16, by a vote of 11 to 2, passed an ordinance repealing the co's 50-year franchise.

Twenty members of the House of Delegates stated that they will vote to enact the measure, assuring its passage, it is said, in that branch, only 15 votes being required. The House has several times passed ordinances repealing the franchise, which were killed in Council. Mayor Kiel said that he would sign the bill as soon as it was enacted.—V. 98, p. 913.

Toledo St. Louis & Western RR.—Receivership.—Judge Killits in the U. S. District Court at Columbus, O., yesterday appointed President W. L. Ross receiver.

The application was made by Horatio C. Creith, of H. C. Creith & Co., Columbus, O., contractors, on a claim of \$10,711 for material and labor. It is alleged that the floating debt exceeds \$400,000. The company defaulted in interest due Aug. 1 on its \$11,527,000 collateral trust bonds.—V. 99, p. 408, 344.

Toledo Terminal RR.—Application.—The company has applied to the Ohio P. U. Commission for authority to issue \$300,000 additional bonds, of which \$200,000 are to be distributed among the proprietary companies to reimburse them for expenditures on improvements, and the remainder to remain in the treasury.

See Hocking Valley Ry. under "Annual Reports" above.—V. 96, p. 306.

Toronto Ry.—Deal Fails.

An exchange journal says: Prior to the commencement of business at the meeting of the City Council of Toronto, Ont., on Sept. 21, Mayor Hocken announced that in consequence of the changed conditions in the financial world brought about by the war, all negotiations for the purchase of the properties of the Toronto Railway and the Toronto Electric Light Co. had been discontinued. He later laid on the table a copy of the draft agreement for the proposed purchase, which had been approved by counsel on both sides. He also called attention to the fact that the increase in the earnings of the companies had not been as great during the past few months as had been expected. He pointed out that although the purchase scheme would not be carried out, the Council should proceed without delay to improve the transportation facilities of all the outlying districts, intimating that a solution of the problem might be found by the establishment of a bus service. No resolution was introduced in connection with the Mayor's message.—V. 99, p. 408.

Wabash RR.—Stay Denied.—Judge Mayer in the U. S. District Court on Oct. 17 denied the application of receiver Pryor to stay the signing of the decree of foreclosure in the suit brought by the Central Trust Co. to enable him to file a cross-bill.

The object of the proposed cross-bill was to protect 1,217 shares of American Refrigerator stock, valued at \$234,000, which are included in the collateral deposited under the mortgage. Under the foreclosure decree the collateral will be sold. The receiver desired to have the decree stayed until the determination of the suit in Missouri over the distribution of the earnings of the Amer. Refrigerator Transit Co. stock. The court said that the cross-bill might have been serviceable if it had been brought earlier, but that to delay the decree at a time when it is almost ready for signing would be inadvisable.—V. 99, p. 1127, 1132, 271.

Waukegan Rockford & Elgin Trac. Co.—Receivership.

Judge Jesse A. Baldwin of the Circuit Court at Chicago on Oct. 19 appointed Ralph L. Peck of Palatine as receiver of the property, on application by Peter Knowe of Palatine, a stockholder and owner of outstanding notes. Projected from Waukegan via Roselle to Palatine, &c., also to Fox Lake, Elgin, &c. In operation at last accounts (by steam power, 1 locomotive), Palatine to Wauconda, 15 miles. Balance sheet June 30 1913 showed outstanding, capital stock, \$210,050; funded debt, \$67,960; all other liabilities, \$53,027.

Western Maryland Ry.—New Executive Committeeman.

The stockholders on Oct. 22 voted to increase the executive committee from 6 to 7.

This was done to permit of the return of Edward D. Adams, who was automatically retired when President Gray became the head of the executive committee. The committee now consists of Carl R. Gray (Chairman), Edward D. Adams, Frederick T. Gates, George J. Gould, Jerome D. Greene, Alvin W. Krech and Edgar L. Marston.—V. 99, p. 469, 122.

INDUSTRIAL, GAS AND MISCELLANEOUS.

Algoma Steel Corporation.—Interest Not Paid.—Owing to general conditions, the company was unable to meet the interest due Oct. 1 on the \$14,000,000 First & Ref. M. bonds. It is probable that the coupons for some period will be funded. A committee has been formed in London to represent these bonds. See also statement regarding the parent company, the Lake Superior Corporation, in last week's "Chronicle," page 1134.—V. 99, p. 818.

American Bank Note Co., N. Y.—Common Div. Omitted.

The directors have decided not to take any action at present on the \$4,495,738 common stock, which has been paid quarterly. In Aug. and May 1% was paid.

Dividend Record (Per Cent).

	1906.	1907.	1908.	1909.	1910.	1911.	1912.	1913.	1914.
Common	2	4	4	4	4	4	5	6	1½, 1, 1, 0
Preferred	4	4	4	4	4	4	4	4	In full to Oct. 1914 (1½% Q-J.)

President Green says: "On account of unsettled conditions and the situation throughout the world, it has been deemed best to conserve our cash resources and defer action on the com. div. for the present."—V. 98, p. 1318.

American Hide & Leather Co.—Earnings.

3 Mos. ending Sept. 30—	*Net Earnings.	Bond Interest.	Sinking Fund.	Interest on S. F. Bonds.	Balance for Period.
1914	\$150,028	\$76,110	\$37,500	\$51,765	def. \$15,347
1913	193,263	81,225	37,500	46,650	sur. 27,888
1912	331,700	86,145	37,500	41,730	sur. 166,325
1911	167,029	90,810	37,500	37,065	sur. 1,654

* After charging replacements and renewals and interest on loans.

Net current assets Sept. 30 1914, \$9,214,088. Bonds in hands of public, \$5,074,000. Pres. Theodore S. Haight and Treas. Geo. A. Hill say: "This statement has been prepared on the same accounting basis as the annual

statement of June 30 1914 and finished leather has been taken at the same prices, which are below those now prevailing. If this higher range of values continues, effect will be given thereto in the accounts at the end of the current fiscal year."—V. 99, p. 672, 271.

American Locomotive Co.—Status.

At the annual meeting on Sept. 20 Chairman S. L. Schoonmaker stated that in the future the open-door policy would be maintained and that the company had nothing to conceal; also further that "the locomotive business has never been as bad as at present, but this is only in line with other industrial properties. When business picks up we will go ahead as never before. I hope that the Inter-State Commerce Commission will give relief to the railroads, as they are in extremely bad circumstances."

Mr. Marshall said that three of the company's plants were running at about 30% capacity and that the Montreal and Pittsburgh plants were entirely closed down; that at present the company has on hand only about \$3,000,000 in orders, and with all the plants running at full capacity it would take only three weeks to complete these orders. After the war, he stated, the great market for locomotives would be with South America, China and South Africa. Europe will also probably enter the market for American locomotives, and Italy, Greece and Russia are already making inquiries. Russia has always used locomotives of her own manufacture, shutting out foreigners rigidly, but it is believed that this policy will be abandoned for some time after the close of hostilities.—V. 99, p. 1053, 878.

American Malt Corporation.—Injunction.

Judge Hough in the U. S. District Court on Oct. 20 granted an injunction restraining Adolph Kettel, a malt broker, from issuing circulars attacking the company and tending to injure its property, credit and business. The object of the circular, it is stated, is not very clear, unless it is inspired by personal hatred. The Court says that "Kettel says he does not think the complainant makes more than 10% of the amount of malt necessary to supply the United States, and that his object in issuing circulars is to reduce the price of malt by breaking up through the hostility of customers any and all combinations to raise prices. Why such a long series of assaults upon a 10% producer should be expected to bring about this result I do not see." Compare V. 97, p. 367.—V. 99, p. 971.

American Telephone & Telegraph Co.—War Tax.

The proposed war tax applies only on toll or long-distance messages of 15 cents and over and it will thus affect less than 15% of telephone traffic as against 90 to 95% of telegraph messages. The law requires the companies to collect the tax.—V. 99, p. 51.

American Window Glass Co., Pittsburgh.—Dividend.

A dividend of 10% has been declared on the \$4,000,000 7% cumulative pref. stock, payable Oct. 28 to holders of record Oct. 24. In Sept. 7% was paid and in June 20% was paid, making 37% thus paid in 1914. In Nov. 1913 7% was disbursed, this having been the first payment since March 1903, when 3¼% was paid 7% was paid in each of the years 1900 to 1912 incl. The arrears now amount, it is said, to about 36½%.

Earnings.—For year ending June 30:

	Aug. 31 Year—	Net Profits.	Other Income.	Fixed Charges.	Royalty Charges.	Balance, Surplus.
1913-14		\$1,864,101	\$34,040	\$187,714	\$975,674	\$734,752
1912-13		2,035,623	19,746	237,615	987,325	\$830,429

After deducting \$18,127 profit and loss charges applicable to prior year's operations (net) and \$1,080,000 dividends on pref. stock, the total profit and loss deficit Aug. 28 1914 was \$4,502,034.

There were produced 1,724,898 boxes of single and 851,252 boxes of double strength.—V. 99, p. 819.

Arkansas Light & Power Co., Little Rock, Ark.—Notes.

This company, incorporated in Arkansas on Sept. 3 1914 with \$650,000 of auth. capital stock, as successor of Arkansas Power Co. (which succeeded Malvern Electric Co.), has filed a mortgage to the Guaranty Trust Co. of New York, as trustee, to secure not over \$1,000,000 of 2-year 6% direct mortgage notes of \$1,000 each, dated Sept. 1 1914 and due Sept. 1 1916, but subject to redemption at any time at option of company at par and int. Of the notes, \$10,000 are reserved to take care of Wilson Water & Electric Co. bonds dated April 1 1905 (Missouri-Lincoln Trust Co., trustee), the only prior lien, and the remainder may be sold at not less than 95 to an amount not exceeding 85% of the cost of construction, improvements, etc. The proceeds will be used to pay or refund certain corporate obligations and for further improvement, equipment, extensions, &c. Either at or before the maturity of the notes, the company, it is understood, proposes to create an issue of 1st M. 6% 30-year gold bonds to an amount equal to 120% of the total face value of the notes then issued and outstanding. The notes will then be taken care of and the bonds will be a first and direct lien on all the property.

Operates electric-light and power properties at Malvern, Camden, Arkadelphia, Magnolia and other points in Arkansas, and is considering the advisability of erecting a power dam at Caddo Gap. Officers: H. O. Couch, Pres.; J. H. Meek, V.-P.; J. L. Longino, Sec.; O. F. Christ, Treas., all of Little Rock.

Assets Realization Co.—Distribution on Notes.

Pursuant to trust agreement dated Jan. 1 1914, the company will on and after Oct. 30 1914 pay 5% of principal on its outstanding (\$4,459,254) 6% gold notes secured thereby and interest on said 5% up to Oct. 30 1914, upon presentation of said notes on and after said date to Guaranty Trust Co., N. Y. (the trustee), or First Nat. Bank, Chicago, or Girard Trust Co., Phila., for endorsement thereon of such payment. Said notes will cease to bear interest from Oct. 30 1914 on said 5% of principal then payable.—V. 99, p. 1053, 971.

Associated Merchants Co., N. Y.—Settlement—Notes.

See O'Neill-Adams Co. below.—V. 99, p. 971, 51.

Atlantic Gas & Electric Co., N. Y.—New England Protective Committee to Represent Preferred and Common Stockholders.—A protective committee, consisting of Thomas C. Perkins of Hartford, E. Howard George of Boston and H. A. McElwain of Manchester, N. H., is receiving deposits of the pref. and com. shares at office of Thomas E. Perkins, Inc., in Hartford, Conn., under agreement of Oct. 20. Mr. Perkins, in circular of that date, referring to his circular "A," dated Oct. 5 1914 (V. 99, p. 1053), says in brief:

An exceptionally strong protective committee has been formed to represent the Class A and B bonds (see V. 99, p. 1053), and, in my opinion, will co-operate in straightening out the affairs of the company along broad and constructive lines. The unsecured creditors whose claims total about \$100,000 will also, it is understood, co-operate.

The company has outstanding, I understand, \$3,877,400 com. stock and \$2,587,000 6% pref. stock, held by 877 stockholders. There are some very large individual holdings of common stock, but the pref. stock is scattered throughout the New England States, N. Y., N. J. and Penn., the average holdings thereof probably not exceeding 10 shares.

The writer, and Messrs. Alonzo Elliott & Co. of Manchester, N. H., and Durrell, George & Co. of Boston, investment bankers, and associates, having placed something over \$500,000 of the pref. stock here in New England, are naturally anxious to protect clients' holdings, as well as their own, and have therefore formed for both the pref. and com. shares a New England protective committee, consisting of H. A. McElwain, Pres. of Alonzo Elliott & Co., and E. Howard George, of Durrell, George & Co., and myself. All three of us, though not representing the control, have served as directors of the company and are, therefore, we believe, in a position with counsel to represent the best interests of all stock deposited.

From the report of Stone & Webster (V. 99, p. 1053), I understand that the essential condition to putting the company on its feet is either (1) that there shall be provided about \$500,000 cash, half of this at once and the remainder as soon as practicable, through the sale of securities or otherwise, in order to liquidate the following items; or (2) that some general plan shall be perfected for funding the same, including (a) \$100,000 unsecured obligations of Atlantic Gas & Electric Co. and Atlantic Construction Co.; (b) substantially \$100,000 now due as interest on the purchase-money notes (\$1,500,000 6% 5-year joint notes dated Feb. 1 1912), and on the \$1,880,000 First & Ref. M. 5% bonds of Eastern Pennsylvania Power Co., one of the subsidiaries V. 99, p. 973; V. 94, p. 210; (c) \$30,000 to complete the new power plants in New Jersey and Pennsylvania, and \$60,000 for transformers, meters, &c., necessary during the coming year to take care of the rapidly increasing business of the subsidiary electric-lighting

companies. (d) As soon as practicable, about \$200,000 in cash to liquidate the secured obligations of the Atlantic Gas & Electric Co., thus releasing the securities pledged therefor.

Falling such provision, a reorganization will be necessary. It is my belief, however, that the difficulties are not insurmountable, and that, with the co-operation of all interests, the company can be rehabilitated in a way to reflect credit on every one assisting, in spite of the unprecedented conditions in the financial world to-day. Compare V. 99, p. 1053, 971.

(J. G.) Brill Co., Philadelphia.—Dividend Reduced.

A quarterly dividend of 1% has been declared on the \$4,580,000 7% cum. pref. stock, payable Nov. 2 to holders of record Oct. 26. Payments have heretofore been made in full. An officer says that the directors deemed it wise to reduce the dividend and conserve the company's resources.—V. 99, p. 51.

Cambria Steel Co.—Scrip Dividend.

The directors have declared the regular quarterly dividend of 1 1/4% on the \$15,000,000 stock, payable, however, in 5% tax-free scrip instead of, as usual, in cash, on Nov. 14 to holders of record Oct. 31. The scrip is redeemable in cash in two years.

A letter says in substance: "Earnings from Jan. 1 to Oct. 1 on the tonnage produced (about \$1,375,000, or at the rate of 4% yearly on the stock, compared with 13.8% last year) have been at the smallest margin of profit since the formation of the company. During this period the employees received \$9,520,585. The decreased earnings were caused by the general business depression the whole of the year, which curtailed the demand for steel, and by the effect of the low foreign prices which, under the new tariff, we were compelled to meet or lose the business. That there were slight importations is due to the fact that the American manufacturers met the situation. It was considered advisable to retain trade and meet competition, even at cost when necessary, thus defraying fixed charges, in preference to closing down and losing established business.

"The furnaces and mills not being operated on full time has permitted the making of alterations, replacements and improvements, which will considerably increase the efficiency of the plant for the future. Replacements and improvements so far have cost approximately \$2,300,000, which under normal conditions could have been paid for out of current earnings. These expenditures in the face of present small earnings and increased inventories have reduced available cash and made it necessary to borrow money to pay for them.

"While the European war is at present eliminating foreign competition more effectively than any tariff, buyers had largely placed their contracts for several months in advance, and, owing to business and financial conditions, there is very great uncertainty as to the future.

"The directors, in view of the surplus and earnings in recent years, notwithstanding the unsatisfactory showing this year, have decided not to omit or reduce the quarterly dividend, but to conserve cash resources to pay the regular quarterly dividend of Nov. 15 in scrip. The management will make all retrenchment necessary to meet conditions but the alterations and improvements under way will be continued to completion."—V. 99, p. 896.

Canadian Car & Foundry Co., Ltd.—Pref. Dividend.

No meeting had been held by the directors up to Oct. 19 to declare their attitude on a quarterly dividend due Oct. 25 on the \$7,000,000 7% cum. pref. stock. The declaration is usually made about Sept. 26. Payments of 1 1/4% were made quarterly from Jan. 1910 to July 1914.—V. 99, p. 409.

Canadian Northern Pacific Fisheries.—Default.

The company failed to meet the interest due Oct. 2 on its 5% debenture stock (\$176,548 outstanding).—V. 92, p. 1313.

Carriage Factories, Ltd.—Preferred Dividend Deferred.

The directors have voted to defer the usual quarterly dividend due Oct. 31 on the \$1,200,000 7% cum. pref. stock. An initial payment of 3 1/4% was made in May 1910 and quarterly distributions were made thereafter to Aug. 1914.

The directors state that they believe the dividend was earned, but will postpone any declaration until the annual meeting in January. Three quarterly dividends were paid for the 12 months to end Nov. 30 next, and the company has also paid its full bond interest for the period. Whether the fourth quarterly dividend will be declared later will depend on the showing to be made in the final figures for the year.—V. 98, p. 389.

(H. B.) Claflin Co., N. Y.—Deposits.

Out of the total of \$31,600,000 endorsed notes outstanding, about \$27,500,000 has been deposited as assenting to the plan. Of the \$6,000,000 of general merchandise claims, about \$4,000,000, it is understood, have come in.

Representatives of the merchandise and miscellaneous creditors of the 23 retail, &c., companies agreed this week to compromise some \$1,742,000 of said indebtedness for \$823,500.

The percentages to be paid under this compromise are as follows: Jones and Hennessy Cos., 75%; Castner-Knott and Joslin Cos., 70%; Batterman, 65%; McAlpin, 50%; McDougall & Southwick, Watkins and Spring Cos., 40%; all others, 35%. Compare plan, &c., in V. 99, p. 971, 967.

Liquidation of O'Neill-Adams Co.—Settlement.

See that company below.—V. 99, p. 967, 971.

Cockshutt Plow Co., Ltd., Brantford, Can.—Div. Def'd.

The directors have deferred the payment of the quarterly dividend usually disbursed in October on the \$6,465,000 7% cum. pref. stock, owing to prevailing conditions.—V. 98, p. 1691.

Colorado Fuel & Iron Co.—No Dividend on Preferred.

The directors on Monday voted not to declare a dividend on the \$2,000,000 8% cum. pref. stock from the earnings of the year ending June 30.

No dividend was paid on July 1. On July 1 1913 and Jan. 1 1914 4% each was paid. A yearly dividend of 5% was disbursed out of the earnings of the fiscal year ending June 30 1912 in semi-annual installments of 2 1/2% each on July 20 1912 and Jan. 20 1913, being the first distribution since Feb. 1903, when a semi-annual payment of 4% was made. On March 20 1913 a dividend of 35% was paid on account of accumulations, leaving the amount then due 39%.

President Wellborn made a preliminary report stating that during the year there had been a decrease of 40% in coal output, due in part to the strike and a reduction in orders for rails. The total value of manufactured steel products during the year was given as \$12,000,000, of which \$2,000,000 went out of the State as interest, and the other \$10,000,000 was disbursed in Colorado in rents and wages. The company is now employing about 12,000 men in its coal, steel and allied enterprises. In August the number of men employed in the State by the large coal companies totaled 9,534, and the output was 706,653 tons, while in September the number was 10,504 and the output 748,465 tons.—V. 99, p. 973, 819.

Consolidated Gas Co. of New York.—New 8 Months' Notes—Payment of Old Notes.

The company has made an agreement with Frederick Geller and Aug. V. Heely, as trustees, to secure an issue of \$7,500,000 of 8 months' 6% notes dated Oct. 26 1914, secured by deposit of \$7,500,000 N. Y. Edison Co. stock. The notes will provide for the \$5,000,000 5 months' notes maturing Oct. 25, which will be paid off at the Farmers' Loan & Trust Co., and reimburse the treasury for \$2,500,000 cash used in the retirement of the \$5,000,000 notes due Aug. 25 last. The remainder required for the August maturity was provided by a new issue of \$2,500,000 8 months' 6% notes due April 25 1915.

Notes Due May to Oct. — Provided for by —
in Year 1914. New Notes. Cash.
May 25, \$5,000,000—\$5,000,000 dated May 25, due Oct. 25 '14
Aug. 25, 5,000,000—2,500,000 8 mos. 6s, due Apr. 25 1915— \$2,500,000
Oct. 25, 5,000,000—5,000,000 6% notes of the total of \$7,500,000 due June 26 1915.
500,000 due June 26 1915.

The trustees for the notes due Oct. 25 1914, April 25 1915 and June 26 1915 are Frederick Geller and Aug. V. Heely.—V. 99, p. 540.

Continental Gas & Electric Corp.—Sub. Co. Bonds.—
See Nebraska Gas & Electric Co. below.—V. 99, p. 897, 750.

Corn Products Refining Co.—Earn. 9 Mos. end. Sept. 30:

Current profits	\$2,679,658	Deductions (Continued)
Deduct—Bond int., depr'n on plants, extraord. repairs, taxes, ins., &c. (est.)	947,463	Balance
		\$807,195

Prof. divs. paid April 15, July 15 & Oct. 15 1914 \$1,125,000
—V. 99, p. 973, 345.

Corporation for Riker & Hegeman Stock.—Dividend.

A dividend of 10% has been declared on the stock, payable in stock Nov. 16 to holders of record Oct. 31. Compare V. 99, p. 1133.

Distillers Securities Corporation.—Directors.

Alvin W. Krech, Crawford Livingston, Charles F. Ayer and James E. Brodhead have been elected directors to succeed E. J. Curley, Paul Harrison, Willard P. Ward and Phoenix Ingraham. The other directors are Julius Kessler, A. G. Hodges and Alfred W. Hansell of Philadelphia. Crawford Livingston and Albert M. Parlin have been made directors of the Distilling Co. of America to succeed F. W. Fulle to fill a vacancy.—V. 99, p. 813.

Dorchester Elec. Co., City of Quebec.—Suit.

Canadian papers state that a suit was begun before Judge Lane in the Superior Court in Quebec on Oct. 14 by the company against the Industrial Securities Corporation, T. King and M. Thompson, in which the plaintiffs claim \$23,375 alleged to be due on an underwriting of the company's bonds. The Industrial Securities Corporation in its reply, it is said, alleges that the underwriting agreement on which the action is based is illegal and ultra vires as the plaintiff company contracted to deliver a bonus of its common stock amounting to 100% of the par value of each underwriters subscription, which issue of bonus stocks the defendant has ascertained is illegal, null and void.—V. 95, p. 546.

Eastern Pennsylvania Power Co.—Overdue Interest.

See Atlantic Gas & Electric Co. above.—V. 99, p. 973.

Empire City Subway Co., Ltd., N. Y.—Review Allowed:

The U. S. Supreme Court on Oct. 19 granted a writ of certiorari to the New York Electric Lines Co. to review the decision of the New York State courts denying it a mandamus to compel the Empire Co. to permit it to use the conduits of the subway for the laying of wires.—V. 89, p. 1666.

Fall River (Mass.) Gas Works Co.—New Stock.

The stockholders will vote Nov. 3 on (a) withdrawing the petition filed with the Gas & Electric Light Commission Nov. 4 1913, for approval of a proposed issue of 2,700 additional shares of capital stock; (b) on filing a new petition for authority to issue a sufficient number of additional shares to yield about \$688,000 at a price per share determined by the board. The floating debt now amounts to \$635,000, and the board estimates that to retire this debt and provide cash for immediate purposes will require \$688,000. It is, therefore, proposed to issue 3,622 additional shares at \$190 per share, the same to be offered to the shareholders, and the proceeds to be used to retire the floating debt incurred for the construction of a new and modern coal-gas plant (at cost about \$650,000), &c.—V. 97, p. 1288, 524.

General Chemical Co., New York.—9 Mos. Earnings.

9 Mos. ending	Net	Insur.	Depr.	Prof.	Pr. Dis.	Com. Dis.	Balance
Sept. 30—	Profits	Reserve	Acct. &c.	(4 1/2%)	(4 1/2%)	Surplus	
1914—	\$2,186,007	\$60,000	\$400,000	\$618,750	\$488,610	\$618,647	
1913—	2,100,922	45,000	400,000	618,750	452,541	584,631	

Treasurer Lancaster Morgan says: "The directors were much pleased to be able to report an increase in total profits of \$85,085 for the 9 mos. ended Sept. 30. Considering that the European war prevailed for two of these months, and that business conditions throughout the United States were at least dull during a large part of the current calendar year, the executives were satisfied to obtain a gain in profits. Fortunately, the company is not dependent for its raw materials upon any of the countries actually engaged in the war, and thus far its supplies have been in no wise interfered with. The export business of the company usually provides only a minor proportion of the profits. On this account, the war has caused our company less damage than the general public might have been led to expect."—V. 99, p. 346.

General Motors Co., Detroit.—Stability of Enterprise.

A statement regarding the stability and magnitude of the automobile industry was presented before the American Bankers' Association at its annual meeting in Richmond last week by William Livingstone, President of the Dime Savings Bank of Detroit, and is given as part of the proceedings of the Convention in to-day's issue of our "Bankers' Convention Section or Supplement," on page 138.—V. 99, p. 904, 892.

Hanford Irrigation & Power Co.—Sale.

The U. S. District Court, North Yakima, on Oct. 14 ordered Receiver E. F. Benson to sell the property at auction. Upset price, \$380,000.

The judgments, it is stated, are as follows: Dexter-Horton Bank, trustee under \$300,000 mortgage, \$346,025; American Power & Light Co. on unsecured notes, \$497,945.—V. 91, p. 719.

Harmony Mills, Cohoes, N. Y., and Boston.—No Div.

The directors have voted to omit the quarterly dividend on the \$1,500,000 7% cum. pref. stock due Nov. 1. The payments due in Feb., May and Aug. 1914 were also omitted.—V. 93, p. 533.

Harrison Bros. & Co., Inc., Phila.—Pref. Div. Omitted.

The directors have decided to take no action at present on the quarterly dividend of 1% usually paid on Nov. 1 on the \$1,500,000 7% non-cum. pref. stock, considering it to the best interests of the corporation under present conditions to conserve the cash resources of the company.

Preferred Dividend Record (Per Cent).

May '98 to May '01	'02 to '08	1909	'10	'11	1912	'13	'14
7 yearly	0	1 (Oct.)	4	4	5 (incl. 1 ex.)	4	3

On common stock 9 1/4% was paid in 1899.—V. 98, p. 71.

Kansas City Natural Gas Co.—Proposal for Settlement.

Attorney-General Dawson has submitted to the bondholders of the company and its allied companies a plan of reorganization, to form the basis of the negotiations between the State and the creditors of the companies.

The plan provides for the sale of the company, the Kansas City Pipe Line Co., the Marnett Mining Co., the Independence Gas Co. and all other companies affiliated with the Kansas Natural in the production and piping of gas to the cities of Kansas, and the organization of a new corporation, entirely free from the entanglements of the old concerns, to take over the business with about \$10,000,000 capital, as against \$22,000,000 as at present, the amount to be fixed by the Public Utilities Commission as the actual physical value of the property. The plan provides \$500,000 for immediate use in supplying more gas and \$200,000 annually out of earnings for future supply.

The plan does not contemplate any increase in rates until the State receivers in charge of the property state that the company cannot be operated profitably on a \$10,000,000 capitalization at present rates. No changes are to be made before April 1 1915, and then only as ordered by the Utilities Commission and the State courts. The plan suggests that different towns have different rates for gas, charged for at meter rates instead of the present system of the Kansas Natural taking 66% of the gross receipts of each distributing company. The new rates would be based upon the actual cost of producing and transporting the gas to the gates of each city as developed by the State receivers during the coming winter.—V. 99, p. 973, 541.

Kansas-Okla. Oil & Ref'y Co., Ltd.—Pref. Div. Omitted.

It is announced that the directors consider it advisable in the interest of the company to withhold payment of the usual dividend on the 7% cum. participating preference shares for the quarter ending Sept. 30 1914. Authorized issues, \$330,000 pref. and \$100,000 ordinary shares. In Feb. 1913 there was a special settling day set on the London Stock Exchange for £276,839 of the pref. stock.

Laurel Lake Mills, Fall River, Mass.—Div. Omitted.

The directors have voted to omit the usual quarterly dividend on Nov. 1 on the \$600,000 stock. In the seven preceding quarters 1 1/4% was paid.

|VOL. XCIX.

Vice-Pres. T. Williams on or about Oct. 13 said: "A statement having appeared with reference to the payment of accumulated dividends on our

bond department, 87 Milk St., Boston, for further partic-

bond department, 87 Milk St., Boston, for further partic-

Reports and Documents.

PUBLISHED AS ADVERTISEMENTS.

THE NEW YORK NEW HAVEN & HARTFORD RAILROAD COMPANY

FORTY-THIRD GENERAL STATEMENT—FOR THE YEAR ENDING JUNE 30 1914.

INCOME ACCOUNT OF THE NEW YORK NEW HAVEN & HARTFORD RAILROAD COMPANY FOR THE YEAR ENDING JUNE 30 1914, IN COMPARISON WITH YEAR 1913.

	1914. 2,046.29 miles operated.	Comparison with 1913.	
		Increase.	Decrease. 46.20 miles
Operating Revenue:			
Freight Revenue.....	\$32,476,373 26		\$1,595,601 49
Passenger Revenue.....	27,400,672 89		495,627 40
All other Revenue from Transportation.....	4,772,208 85		4,655 76
Revenue from Operations other than Transportation.....	1,968,437 82	100,074 39	
Total Operating Revenue.....	\$66,617,692 82		\$1,995,810 26
Operating Expenses:			
Maintenance of Way and Structures.....	\$8,831,064 18	\$937,974 14	
Maintenance of Equipment.....	10,389,458 10	788,789 54	
Traffic Expenses.....	502,019 87		80,290 35
Transportation Expenses.....	26,868,687 50		334,583 45
General Expenses.....	1,924,120 16		23,879 04
Total Operating Expenses.....	48,515,349 81	1,288,010 84	
Net Operating Revenue.....	\$18,102,343 01		\$3,283,821 10
Net Revenue from Outside Operations.....	85,480 03		559,967 17
Total Net Revenue.....	\$18,187,823 04		\$3,843,788 27
Railway Tax Accruals.....	3,568,219 04		146,536 94
	\$14,619,604 00		\$3,697,251 33
Income from Other Sources:			
Dividends on Stocks.....	\$3,521,760 93		\$2,965,755 73
Interest on Bonds.....	273,243 58	31,899 46	
Income from Unfunded Securities.....	2,049,876 77		172,219 42
Rents Received.....	708,878 81	206,561 76	
Hire of Equipment.....	244,181 37	13,550 55	
Sinking and Other Reserve Funds.....	202,229 33		13,988 55
Income from Physical Property.....	163,609 60	90,185 98	
Miscellaneous Income.....	84,209 51		6,028 93
Total Income from Other Sources.....	7,247,989 90		2,815,794 88
Total Income.....	\$21,867,593 90		\$6,513,046 21
Deductions from Income:			
Interest on Bonds, Debentures and Other Liabilities.....	\$11,839,722 50	\$810,593 41	
Rentals of Leased Lines.....	4,658,542 27	112,748 69	
Rentals other than above.....	2,684,177 22	293,034 17	
Separately Operated Properties: Loss Boston R.R. Holding Co. Guaranty.....	\$1,118,756 00	615,487 51	
N. Y. W. & B. Ry. Co. Guaranty (Bond Interest).....	864,000 00	86,250 00	
B. & A. R.R. Operating Guaranty.....	95,324 68	137,905 55	
Miscellaneous Tax Accruals.....	2,078,080 68	10,597 47	
Miscellaneous.....	92,690 95	73,911 84	
Total Deductions from Income.....	21,598,931 03	2,140,528 64	
Net Income Transferred to Profit and Loss Account.....	\$268,662 87		\$8,652,574 85

Note.—Dividend No. 136 for 1½%, paid Sept. 30 1913, was charged to Profit and Loss Account.
The Operating Expenses were 72.83% of the Total Operating Revenue. Increase over 1913, 4.00%.
The Operating Expenses and Taxes were 78.18% of the Total Operating Revenue. Increase over 1913, 3.94%.

OPERATING RESULTS.

MILES OPERATED.

There was a decrease in average miles of road operated of 46.20 miles. The average miles of track maintained was 4,397.75, compared with 4,452.55 the previous year, a decrease of 54.80 miles. These decreases were mainly due to giving up certain trackage rights on the Boston & Albany and Boston & Maine and to the Central New England assuming the operation of the line between Danbury, Connecticut, and Hopewell Junction, New York. Details of changes in mileage as of June 30 1914, compared with June 30 1913, will be found on page 60 of pamphlet report.

REVENUES AND EXPENSES.

The general business depression during the greater part of the fiscal year caused a decrease in the operating revenue of \$1,995,810 26, while operating expenses increased \$1,288,010 84, resulting in a decrease in net operating revenue of \$3,283,821 10.

Freight revenue decreased \$1,595,601 49, 4.7%, and passenger revenue \$495,627 40, 1.8%. Express revenue fell off \$307,378 75, 9.7%, due partly to reduced express rates ordered by the Inter-State Commerce Commission, effective February 1st 1914, and to the increase in shipments by Parcels Post, for which no adequate compensation has as yet been received. There was an increase of \$198,177 34 in other passenger train revenue, mainly due to the inclusion of a full year's receipts from the Pullman Company and extra fares on Limited trains, the previous year's accounts having been credited with only six months' proportion, as the Pullman contract became effective January 1st 1913. Net revenue from outside operations decreased \$559,967 17, largely because the Pullman Company operated equipment formerly operated by the railroad. Revenues from operations other than transportation, after deducting decrease of about \$100,000 account of falling off in revenue from discharging, wharfage, hoisting and car service, shows a net increase of \$100,074 39, largely on account of additional rentals at Grand Central Terminal. In this connection, however, it should be noted that the net payment for entrance to and use of the passenger terminal at New York for the year ending June 30th 1914 amounted to \$3,150,947, as compared with \$2,983,969 for 1913. The net charge against the Company during 1914 was equivalent to about 31 cents for each passenger into and out of the terminal.

MAINTENANCE OF WAY AND STRUCTURES.

This account increased \$937,974 14, caused in part by higher wages and in part by the larger amount of renewals required because of work that was deferred in previous years.

There were 2,060,485 ties laid in renewals, as compared with 1,814,190 in the previous year, an increase of 14%. This includes 157,907 creosoted ties, with screw spikes and tie plates put in between New Haven and Woodlawn and on the Harlem River Branch, compared with 123,672 last year, an increase of 28%. There were 25,783 tons of new rail laid, an increase over the previous year of 3,173 tons, or 14%.

Removal of snow and ice cost \$108,378 90 more than in the previous year, and the maintenance of the electric power transmission system cost \$154,969 more. Much work was done on signals and interlocking plants.

The track, bridges and structures of the company are in safe and serviceable condition, but expenses for maintenance of way must be liberal because of the heavy equipment and the great number and speed of trains.

MAINTENANCE OF EQUIPMENT.

This account increased \$788,789 54, due to some increase in wages, work on electric locomotives deferred in 1912, increase in repairs to freight cars of \$351,985 82, and an increase in the charges for depreciation of \$476,738 67. Since July 1st 1913 charges to depreciation have been made as required by the Inter-State Commerce Commission, based on the original cost of equipment, as follows:

2 % on Steam Locomotives	Total charge for year..	\$298,633 94
2 % on Electric Locomotives	" " " "	76,923 03
2 % on Passenger Train Cars	" " " "	302,927 62
2 ½ % on Steel Freight Cars	" " " "	985,777 81
2 ¾ % on Wood Freight Train Cars	" " " "	
3 % on Floating Equipment	" " " "	88,526 11
2 ¼ % on Work Equipment, Steel	" " " "	20,577 28
2 ¼ % on Work Equipment, Wood	" " " "	

Total.....\$1,773,365 79

The equipment of the Company, other than the freight cars, is in good condition. In 1906-07-08 a large number of new freight cars were purchased, about 20,000, and heavy repairs are now needed on these cars and charges for this class of work will be heavy for several years to come. Because of the decreased volume of business this class of work was deferred and there are about 2,500 more bad-order freight cars on the road than should be the case under normal conditions. Repairs are now being made more rapidly and the number of bad-order cars is decreasing.

TRAFFIC EXPENSES.

This account decreased \$80,290 35.

TRANSPORTATION EXPENSES.

This account decreased \$334,583 45. The miles run by trains of all classes were 25,254,718, a decrease of 1,559,166. The cost per revenue train mile for transportation expenses was \$1 12, compared with \$1 07 for last year, an increase of 5 cents, or 4.7%. The average number of passengers per train was 96, an increase of 1, and the average number of tons of revenue freight per revenue train mile was 303.96, an increase of 13.01 tons, or 4.5%. There was an increase in wages, the greater part of which was the result of awards under Federal Arbitration Acts, and increases in forces at engine terminals so as to take better care of power and insure greater regularity of service.

The cost of fuel decreased \$356,045 96.

Injuries to persons required the large sum of \$1,181,735 59, an increase of \$37,966 92, due to the settlements for the sad and disastrous accidents in 1912-1913. Of the \$1,181,735 59, \$318,324 93 was charged to the Accident and Casualty Operating Reserve, and the balance, \$863,410 66 to Operating Expenses. There remains in the Accident and Casualty Operating Reserve \$1,042,597 17, which will be used to take care of the unadjusted personal injury claims prior to the current fiscal year, so that the charges to Operating Expenses account personal injuries for the current fiscal year will probably be materially less than for the past fiscal year.

Loss and Damage accounts of all kinds amounted to \$1,966,492 64, or 8 cents per train mile.

Very earnest efforts have been made during the year to reduce accidents and damage and to improve the practice in the consumption of fuel.

GENERAL EXPENSES.

This account decreased \$23,879 04, although the Company had to sustain unusual burdens, the result of negotiations with the Federal Government and investigations by the Public Service Commission of Massachusetts, the Department of Justice of the United States and the Inter-State Commerce Commission.

The Federal Act requiring valuation of railways increased expenses \$24,176 77, and this expense will be more during the coming year. The Commissioners advise that they will begin to value the property of the Company April 1st 1915, and by that date the Company expects to have completed the re-survey of 1,000 miles of road.

FINANCIAL.

CAPITAL STOCK.

Of the total authorized outstanding capital stock of 1,800,170 shares, 228,991 shares are in the treasury and 1,479 shares are owned by The Rhode Island Company. During the past fiscal year there has been no increase in the capital stock. A dividend of 1½% was paid September 30 1913 and charged to Profit and Loss Account.

TEMPORARY FINANCING.

In 1913 the Company had a large floating debt, because of the Massachusetts law prohibiting any funded debt exceeding in amount the paid-in capital of the Company. This law was changed in July 1913 so as to permit the issue of bonds to an amount equal to twice the amount of the capital stock.

In order to fund the floating debt under this new law and to provide for the purchase of steel passenger cars and for other improvements, the Directors in July 1913 arranged for an issue of six per cent convertible debentures to the amount of \$67,552,000, to be offered to the holders of the stock and the outstanding convertible debentures of the Company. General financial conditions at that time were not favorable, and to make certain that the Company would have its money when needed the Directors caused this proposed issue of debentures to be underwritten. The stockholders approved this arrangement at a meeting August 22 1913.

The issue of these debentures, though opposed before the Public Service Commission of Massachusetts, was on October 14th 1913 finally approved by that Commission. An appeal was taken from this decision to the Supreme Court of Massachusetts, which on January 9th 1914, decided that the proposed issue was not lawful.

There were \$40,000,000 of notes maturing on December 1st 1913 and \$5,000,000 of bonds maturing February 1st 1914. Therefore, it became necessary, pending the decision on the application for the issue of the proposed six per cent convertible debentures, to borrow on November 18th 1913, \$45,000,000 to retire the notes maturing on December 1st 1913 and the bonds maturing on February 1st 1914. Later other amounts were borrowed to pay for new equipment and for improvements which could not be stopped or postponed, the whole amount to be provided aggregating nearly \$54,000,000, all payable prior to July 26th 1914. The decision of the Massachusetts Supreme Court made necessary an alternative plan of immediate financing, to take care of the maturing short-term notes and to meet capital requirements until 1915.

With the assistance of Messrs. J. P. Morgan & Co., the First National Bank and the National City Bank of New York, and Messrs. Kidder, Peabody & Co., Lee, Higginson Co. of Boston, there were sold \$50,000,000 of Notes dated May 1st 1914, as follows:

\$20,000,000	The New York New Haven & Hartford Railroad Company One-Year 5% Collateral Gold Notes, callable at 100½%.
10,000,000	The Harlem River & Port Chester Railroad Company One-Year 5% Gold Notes, Series "A," guaranteed by The New York New Haven & Hartford Railroad Company as to principal and interest, callable at 100½%.
20,000,000	The New England Navigation Company Three-Year 6% Collateral Gold Notes, callable at 101½%, all dated May 1st 1914.

The Bankers further agreeing to take within six months' time, at their option, \$10,000,000 of One-Year 6% Notes of The New York New Haven & Hartford Railroad Company without collateral. The collateral pledged under the New Haven and Navigation Company notes, mentioned above, consisted of some of the securities in the treasuries of the companies.

It was expected to market some of the collateral and to retire the notes in part. From the proceeds of collateral sold, notes to the amount of \$435,000 have been canceled; but the war and general financial conditions made further sales of securities impossible.

Your directors have had in mind the urgent necessity for a broad plan for permanent financing, but the laws are conflicting and circumstances and conditions have not been favorable.

INCREASE IN DEBT.

The outstanding indebtedness of the Company and its leased lines in the hands of the public (not including that held in the treasuries of subsidiary companies) has been increased during the year by the amount of \$4,522,250, as follows:

Increases.—	
Five per cent Collateral Gold Notes.....	\$19,927,000 00
Providence Securities Company 4% gold debentures assumed as a direct instead of an indirect liability (heretofore an obligation of The New England Navigation Co.).....	19,180,000 00
Six per cent six months notes dated Nov. 18 1913 (balance matured but notes not presented by holders).....	40,000 00
Six per cent three months note dated April 13 1914.....	400,000 00
Five per cent six months notes dated January 14 1914.....	2,000,000 00
Five per cent six months notes dated January 26 1914.....	250,000 00
Four and one-half per cent five-year promissory notes dated May 7 1914.....	222,000 00
Five per cent six months notes dated June 26 1914.....	550,000 00
Five per cent four months note dated June 26 1914.....	375,000 00
The Harlem River & Port Chester RR. Co. one-year 5% gold notes, guaranteed by The New York New Haven & Hartford Railroad Company.....	10,000,000 00
	\$52,944,000 00
Decreases.—	
New Haven St. Ry. 5% first mortgage bonds, paid in August 1913.....	\$599,000 00
Four per cent non-convertible debentures, paid February 1 1914.....	5,000,000 00
New Haven St. Ry. 5% convertible mortgage bonds, paid in June 1914.....	229,000 00
Four and one-half per cent notes, paid in July 1913.....	2,575,000 00
Five per cent notes, paid in November and December 1913.....	39,995,000 00
Note in favor of City of New Haven, paid September 16 1913.....	23,750 00
	48,421,750 00
Total Increase.....	\$4,522,250 00

MATURING DEBT.

There will mature between October 1st 1914 and June 30th 1915 the following obligations for which your Company is responsible:

Oct. 26th 1914.....	Five per cent four months note.....	\$375,000 00
Dec. 1st 1914.....	Middletown Horse RR. 5% 1st Mortgage Bonds.....	150,000 00
Dec. 26th 1914.....	Five per cent six months notes.....	550,000 00
Jan. 14th 1915.....	Five per cent six months notes.....	1,000,000 00
Jan. 27th 1915.....	Five per cent six months notes.....	200,000 00
May 1st 1915.....	Five per cent one-year Collateral Gold notes.....	\$20,000,000 00
	Total issue.....	20,000,000 00
	Less, paid off.....	435,000 00
		19,565,000 00
May 1st 1915.....	The Harlem River & Port Chester Railroad Co. Five per cent one-year Gold Notes, Series "A".....	10,000,000 00
Total.....		\$31,840,000 00

A statement of your Company's Contingent Liabilities in the hands of the public is shown in this report. All of the companies therein mentioned were able to meet their obligations for interest and dividends without recourse to your Company's guaranty, except the Boston Railroad Holding Company and the New York Westchester and Boston Railway Company.

INSURANCE FUNDS.

As no appropriations have been made by the New Haven Company to the Fire Insurance and Coal Insurance Funds since June 30 1911 the current losses being charged to Operating Expenses, it was thought unnecessary to continue these Funds and they were canceled and contracts for insurance placed; the securities and assets of the various Funds turned into the treasury of the New Haven Company, and the reserve in those funds credited to the Profit and Loss Account of the New Haven Company.

No appropriation has been made to the Accident and Casualty Fund since June 30 1911, and it was canceled. For the 1913 fiscal year there was charged to the Accident and Casualty Reserve \$337,744 21 for the 1914 fiscal year \$318,324 93, leaving \$1,042,597 17, which has been set up as a reserve to take care of unadjusted personal injury claims prior to July 1 1914.

The New England Steamship Company Marine Insurance Fund was canceled and contracts for insurance placed;

the securities and assets turned into the treasury of the Steamship Company and the reserve in the Fund credited to the Profit and Loss Account of the Steamship Company. The securities were subsequently sold to the New Haven Co.

MERCHANTS' & MINERS' TRANSPORTATION COMPANY.

Because of the attitude of the Federal authorities and the very serious financial condition of this Company, the securities of the Merchants' & Miners' Transportation Company were sold in April 1914. Additional Capital was needed to finance the Merchants' & Miners' Transportation Company, which the New Haven Company was unable to furnish. On account of unfavorable conditions the sale resulted in a loss of \$3,594,500.

These securities were held by The New England Navigation Company and their cost was reflected in the capital stock of that company. The capital stock of The New England Navigation Company was reduced by 35,945 shares, the New Haven Company's investment in the Navigation Company was reduced a like amount, and the amount of the reduction in value of the New Haven Company's investment in the Navigation Company was charged to the Profit and Loss Account of the New Haven Company.

PROFIT AND LOSS.

The Profit and Loss surplus of \$7,916,557 24 as of June 30th 1913 has been reduced by transactions shown on a subsequent page, to \$1,822,246 14 as of June 30th 1914.

EQUIPMENT TRUST.

Under date of April 1st 1914, an arrangement was made with the Farmers' Loan & Trust Company for an Equipment Trust, under which the Company is to make semi-annual payments for fifteen years, when the title to the equipment will be vested in the Company.

NEGOTIATIONS WITH THE DEPARTMENT OF JUSTICE OF THE UNITED STATES.

On April 11th 1914 a pamphlet was mailed to each stockholder giving some account of the negotiations with the Department of Justice for a peaceful solution of the so-called "New England Railroad Situation."

At a meeting of the stockholders on April 21st 1914 the Directors were authorized to complete negotiations and to arrange for the segregation of the various properties that were under dispute. Since then there have been prolonged conferences with the Department of Justice.

The Department filed its petition in the District Court of the United States, Southern District of New York, on July 23 1914, and the Company filed its answer on September 17 1914.

An agreed decree is to be entered which produces the following results:

First.—The New Haven Company transfers to Frank P. Carpenter of Manchester, New Hampshire, Henry B. Day of Newton, James L. Doherty of Springfield, Charles P. Hall of Newton and Marcus P. Knowlton of Springfield, all in Massachusetts, as trustees, 31,065 shares of the common stock and 244,939 shares of the preferred stock (being all of the common and all but 28,000 shares of the preferred stock) of the Boston Railroad Holding Company, the latter being the holder of 6,543 shares of the preferred and 219,189 shares of the common stock (a majority of all outstanding stock) of the Boston & Maine Railroad, in trust to sell the Boston & Maine shares under the order of the Court.

The trustees shall hold the shares and exercise all the powers the owners of the shares of the Holding Company are entitled to exercise, excepting the right to sell or dispose of them until otherwise ordered.

No order directing the sale of any of the shares of the Holding Company shall be made by the Court until after July 1st 1915 unless the New Haven Company shall in writing consent thereto. If no sale is made before July 1st 1915 the Court, on application of any party, and after a hearing at which the Commonwealth of Massachusetts shall be invited to appear, shall determine when a sale shall be made and fix the terms and conditions thereof.

The trustees shall also use their best efforts to complete the sale of the shares of the Boston & Maine Railroad before January 1st 1917.

Second.—The New Haven Company transfers to the same trustees the following shares of corporations the railroad lines of which are leased to the Boston & Maine or Maine Central Railroad Company.

- 922 shares of capital stock of the Northern Railroad (of New Hampshire),
- 1,015 shares of capital stock of the Connecticut River Railroad Company,
- 63 shares of capital stock of the Manchester & Lawrence Railroad,
- 246 shares of capital stock of the Hereford Railway Company,
- 2,469 shares of capital stock of the Concord & Montreal Railroad,
- 184 shares of capital stock of the Vermont & Massachusetts R.R. Co.
- 193 shares of capital stock of the Lowell & Andover Railroad Company,
- 412 shares of capital stock of the Boston & Lowell Railroad Corporation,
- 710 shares of capital stock of the Pemigewasset Valley Railroad,
- 1,464 shares of capital stock of the Connecticut & Passumpsic Rivers Railroad Company,
- 73 shares of capital stock of the Upper Coos Railroad,
- 18 shares of capital stock of the Concord & Portsmouth Railroad,
- 98 shares of capital stock of the Wilton Railroad Company,
- 86 shares of capital stock of the Peterborough Railroad,
- 84 shares of capital stock of the Nashua & Lowell Railroad Corporation, and
- 354 shares of capital stock of the Massawippi Valley Railway Company.

The trustees shall hold these shares and exercise all the powers in the management of the corporations which the owners of the shares are entitled to exercise. They shall sell the shares whenever in their judgment such sale or sales can be made to the best advantage, so long as they remain subject to sale and upon such terms as the New

Haven Company shall request in writing signed by its President or Chairman of the Board of Directors and approved at a meeting by said Board.

The trustees shall exercise their best efforts to complete the sale of said shares before January 1st 1917.

Third.—The New England Navigation Company transfers to Lyman B. Brainerd of Hartford, Charles Cheney of South Manchester, George E. Hill of Bridgeport, William W. Hyde of Hartford and Walter C. Noyes of New London, all in Connecticut, as trustees, 400,000 shares, being all, of the capital stock of The Connecticut Company.

The trustees shall hold these shares and exercise all the powers in the management of The Connecticut Company which the owners of the shares therein are entitled to exercise.

The trustees shall sell said shares for such prices and upon such terms as shall be named by the New Haven Company and the Navigation Company in a writing signed by their respective President or Chairman of their Boards of Directors and approved at a meeting by their Boards.

The trustees shall exercise their best efforts to complete the sale of said shares before July 1st 1919.

Fourth.—The New Haven Company transfers to John O. Ames, John P. Farnsworth, Rathbone Gardner, Theodore Francis Green, and Charles C. Mumford, all of Providence, Rhode Island, as trustees, 96,855 shares, being all of the capital stock of The Rhode Island Company, and The New England Navigation Company transfers to the same trustees 9,132 shares in the capital stock of the Providence & Danielson Railway Company, bonds of said company to the par value of \$600,000, 7,000 shares in the capital stock of the Sea View Railroad Company and bonds of said company to the par value of \$600,000.

The trustees shall hold said shares and bonds and exercise all the powers in the management of these trolley companies which the owners of shares therein are entitled to exercise.

The trustees shall sell said shares and bonds at such time or times as shall be named by the New Haven Company in a writing signed by its President or the Chairman of its Board of Directors and approved at a meeting by said Board.

The trustees shall exercise their best efforts to complete the sale of the said shares and bonds before July 1st 1919.

Fifth.—The 53,981 shares of the capital stock of the Berkshire Street Railway Company and the 6,500 shares of capital stock of The Vermont Company owned by the New Haven Company, shall be sold before July 1st 1919; provided, however, such sale shall not be proceeded with until action shall have been taken by the Commonwealth of Massachusetts authorizing a sale of the shares of the Berkshire Street Railway Company or until the Court, on the application of any party, and after a hearing at which the Commonwealth of Massachusetts shall be invited to appear, shall by further order so direct.

Sixth.—The New England Navigation Company shall sell on or before July 1st 1917 the 15,000 shares of preferred and 20,000 shares of common stock in the Eastern Steamship Corporation and bonds of said corporation to the par value of \$2,500,000, held by it, and pending such sale the New Haven Company and the Navigation Company are enjoined from voting upon the capital stock of said Eastern Steamship Corporation.

Seventh.—The New Haven Company shall sell on or before July 1st 1919 5,000 shares of the capital stock of the New York & Stamford Railway Company and bonds of the said company to the par value of \$678,000; also the rights to the capital stock and other securities of the Westchester Street Railroad Company now owned by it, and the Navigation Company shall sell on or before July 1st 1919 the rights to the capital stock and other securities of the Shore Line Electric Railroad, a corporation of New York, when the same may be issued, and the gold notes of the New England Investment & Security Company, a voluntary association, to the par value of \$13,709,000 now owned by it.

Eighth.—The times within which the sales heretofore ordered shall be made may be extended in each case by the Court for good cause shown upon the application of any party or any body of liquidators or trustees, and if they are not sold by the Trustees 60 days before the last date fixed for the sale, they shall be sold at public auction.

Ninth.—None of the shares or other securities hereinbefore ordered sold shall be offered to the stockholders of the New Haven Company as a class either in proportion to their stockholdings or otherwise, or be sold to the New Haven Company or to any person or persons, corporation or corporations, to be held in its interests, directly or indirectly, or so as to re-establish in any manner the combination and control which it is the purpose of the decree to terminate.

There is now pending before the Inter-State Commerce Commission an application of the New Haven Company, under Act of Congress approved August 24th 1912 known as the Panama Canal Act, for authority to retain stocks and other securities and continue control of its steamship lines, including The New England Steamship Company and The Hartford & New York Transportation Company. Similar applications are required by law from all railroad companies having an ownership in steamship lines.

The contract between the New York Central & Hudson River Railroad Company and the New Haven Company for sharing in the financial results of the operation of the Boston & Albany Railroad, has already been canceled and the Company has also disposed of its interest in the Merchants' & Miners' Transportation Company.

The final papers giving effect to the agreement with the United States Government are now being drawn up by the Counsel of the Company and the Attorney General of the United States, and it is expected that the agreed decree will become effective in the near future.

In view of the present conditions and the policy of the Federal Government and its various departments, the Directors have felt that it was wise to agree with the Department of Justice and to divest itself of ownership in these various properties, and, therefore, with the authority of the stockholders it made every reasonable concession towards a peaceful adjustment, but with the hope that the arrangement will not ruthlessly and unnecessarily sacrifice values and impair the service that the various properties can give to the public.

It is believed that in the time allowed the Company, if there is a return of prosperity to the country with a more reasonable attitude on the part of the public toward railroad corporations, many of these properties will show a value much in excess of the estimates to-day, and that losses in carrying these properties will be reduced if patience is exercised and fair treatment accorded.

The report of the Inter-State Commerce Commission of June 20th 1913 said about these properties:

They are for the most part of substantial value and in many instances are a kind of property the value of which should improve.

This is true, and within the past year each of the properties within the control of the New Haven Company has been improved physically and in its organization and ability to serve the public.

A summary of the properties covered by the decree, and the book value thereof, including stock, bonds, notes and advances, as shown on the books of the New Haven Company and the Navigation Company is as follows:

	As carried on books of	
	New Haven Co.	New England Navigation Co.
Boston Railroad Holding Co.	\$29,371,165 97	
Boston & Maine R.R. subsidiary lines.	1,417,216 95	
The Connecticut Company.	2,125,000 00	\$40,000,000 00
The Rhode Island Company.	27,852,336 41	1,266,379 37
Berkshire Street Railway Company.	9,809,395 58	
The Vermont Company.	1,477,164 31	
Eastern Steamship Co.		4,200,000 00
New York & Stamford Railway.	1,395,523 40	
The Westchester Street Railroad.	1,152,150 84	
Shore Line Electric Railroad.		117,000 00
New England Investment & Security Company.		13,631,750 00
	\$74,599,953 46	\$59,215,129 37

From time to time it has been intimated that the present financial condition of the New Haven Company is due to these and similar investments. It is fair, however, to point out certain conditions which are national in their effect on railroad net income, conditions over which neither the New Haven Company, nor any other company, has any effective control.

Some of these conditions are:

1. Increase in rates of interest.
2. Increases in rates of pay.
3. Increased costs due to changes of working hours and working conditions.
4. The so-called Full Crew Law, which makes necessary the employment of extra and unnecessary men.
5. The Federal valuation of railroads.
6. The great increase in accounting and special reports to numerous public authorities.
7. The increase in taxes.
8. The increased demands for luxurious passenger facilities, both train and station.
9. Stationary or falling rates.
10. Inadequate pay for mail and parcels post.

Increase in rates of pay and rates of interest as compared with 1903 shows an increased annual charge of more than \$8,000,000. The various Governmental requirements mean a charge of at least \$300,000 a year. The taxes in 1914 were \$1,182,829 52 more than in 1903. The underpay for carriage of mail matter represents more than \$700,000 a year in gross earnings. Much passenger train service is furnished far below any fair estimate of the cost for the particular service rendered. Without allowing for this loss on non-remunerative passenger trains, the foregoing additional burdens compared with 1903 represent a net loss of at least \$10,000,000 a year; a loss greater than the annual interest on the cost of all outside properties acquired.

The same general causes reduce the income received by your Company from the transportation companies in which it is interested.

The attention of stockholders is called to what Mr. Commissioner Daniels of the Inter-State Commerce Commission said in his dissenting opinion of July 29th 1914 in the "Eastern Railroads Advance Rate Case", as follows:

"The world-wide phenomenon of rising prices is by this time no novelty. Since 1906 the average rise in the world's price level is estimated by competent statisticians at from 30 to 50 per cent. It has mirrored itself in the rising cost of living; it has evoked, and most properly, advances in wages and salaries; it has coincided with an increase in the nominal rate of interest where part of the interest so-called is but compensation for the anticipated depreciation of the capital sum later to be repaid. This rise in the price level must eventually be reckoned with in railroading. For a time its effects may be masked by adventitious increases in the volume of traffic, but this temporary relief in its very

nature is uncertain, and sooner or later the difficulty is sure to reappear. For a time it may be circumvented by extraordinary economies, but in its nature it is inexorable. It must be faced, not trifled with. It is hardly an adequate remedy to accord to carriers relief only when their returns have reached the well-nigh desperate level now shown in Central Freight Association territory. Even before this inadequate return is evidenced, higher rates are warranted. Such a solution of the present case would have done no less than justice to the carriers and would have promoted the welfare of the community they serve.

"A living wage is as necessary for a railroad as for an individual. A carrier without a sufficient return to cover costs and obtain in addition a margin of profit large enough to attract new capital for extensions and improvements cannot permanently render service commensurate with the needs of the public."

SPECIAL INVESTIGATIONS.

BY THE COMPANY.

During the year, for the purpose of checking the methods and operations of the Company, special investigations of some of its affairs were made by order of the Chairman of the Board as follows:

(1) An expert in the purchase and handling of supplies made a critical examination of the methods of the Company in purchasing, storing and issuing of material. His report is being used by the officers of the Company as a basis for introducing such improvements and economies as are reasonable and practicable in this part of the Company's affairs.

(2) A committee of signal experts, one from the Pennsylvania Railroad, two from the New York Central and one from the Delaware Lackawanna & Western Railroad, made a critical examination and report on the signals and signal practice of the Company. Their investigation, report and suggestions are being used as a basis for improving the New Haven's signal system and practice as rapidly as the financial conditions permit.

(3) The Stone & Webster Corporation of Boston, made a critical examination of the financial condition, organization and methods of management of the various trolley properties, and an elaborate report which has been of considerable use to the Company in perfecting the details of its organization and in adopting the most advanced methods of trolley management.

(4) The firm of Price, Waterhouse & Company, Accountants, assigned one of its principals who has been engaged since January 1st in a critical examination of the past history of the financial transactions of the Company. His work is not completed, but soon will be and his reports will be used during the current fiscal year as a basis for further simplification and improvement of the Company's corporate organization. All of his reports were transmitted promptly to the Inter-State Commerce Commission.

(5) In order to obtain a complete and thorough history of the charters, mortgages, leases and the character of each security of the Company, a thorough investigation was made of all these papers by a competent lawyer detailed from the Company's law department for that purpose. He has made the most complete history of this part of the New Haven system that has ever been prepared, which will be used during the coming year as a basis for drawing up a financial plan that will permit the refunding of the Company's floating debt if the necessary legislation can be obtained.

BY THE PUBLIC SERVICE COMMISSION OF MASSACHUSETTS.

On December 17 1913 the Public Service Commission of Massachusetts began an investigation of the expenditures of the New Haven Company classified under the head of "Other Expenses". Certain sums of money have been spent in former years for advertising, legislative and miscellaneous expenses which it was thought should not have been spent. Prior to this investigation all expenditures of the character complained of had been stopped.

BY THE INTER-STATE COMMERCE COMMISSION.

In response to a resolution of the United States Senate of February 3rd 1914 a prolonged investigation was made by the Inter-State Commerce Commission of the financial transactions of the New Haven Company since 1903. Their report was published on July 11th 1914. While statements to the contrary have been circulated, it is proper to point out that the Company co-operated to the fullest extent in furnishing information to the Commission, and no books, papers or documents in the possession of or within the control or jurisdiction of the Company were burned or destroyed, either before, during or since the investigation. The records of the Company have been preserved carefully and the general orders of the Commission applicable to the preservation of all records have been complied with. Explicit instructions were given and obeyed that the files of the Company should remain open at all times to the most complete investigation and inspection by the representatives of the Commission. The custodians of the records of the Company assisted the Commission's examiners, and the latter were granted every facility within the power and control of the Company to aid them in their investigations.

For nearly two years prior to this investigation in Washington, examiners and representatives of the Commission have been almost continuously at the offices of the Company—

at one time as many as sixteen. They have examined the books, documents and files of the Company, and no information has been kept from them, and all information obtainable having a bearing on the subjects under investigation was furnished promptly and fully by the officers and employees of the Company.

The following is an illustration of the action taken to respond to requests for information:

Within a period of forty-eight hours, from Friday afternoon until Sunday afternoon, 504 clerks were taken from their regular duties and worked 6,220 hours, equivalent to 777 clerks for one day, at a cost of \$1,400, in order to segregate certain records, which were then sent in a special car to Washington so as to be there Monday morning.

All of the suggestions made in the report of the Commission which are of a helpful nature and which will in any way aid the Company in sustaining itself under the present conditions, which are so adverse to all railroads, and particularly to those in New England, are now being made use of and steps are being taken to give effect to the various suggestions and recommendations.

Special counsel were assigned last Spring to an investigation of the affairs of the Billard Company as far as they affect the New Haven Company. Requests for information having proved ineffectual, orders have been given to institute judicial proceedings to compel an accounting.

Counsel are also carefully considering whether, in the testimony obtained by the Commission or elsewhere, evidence can be found that will enable the Company to bring an effective suit against any other parties to recover funds alleged to have been improperly diverted from the Company's treasury.

ADDITIONS AND BETTERMENTS.

As shown in table on a subsequent page \$3,290,549 97 was spent for additions and betterments and charged to Capital Account.

New Equipment.—Under the new Equipment Trust (Farmers' Loan & Trust Co., Trustee) there have been added during the year:

72 Steel Coaches.	12 Steel Multiple Unit Motors.
28 " Smokers.	24 " " Trailers.
15 " Postal Cars	

and in addition:

New Equipment.—(Not under the Equipment Trust).

3 Electric locomotives,	1 Steam crane.
34 Steel coaches,	1 Rail unloader.
1 Steel smoker,	1 Transformer.
20 Milk cars,	3 Steel car floats.
6 Steel postal cars,	

For this equipment, the conversion of certain cars from one class to another, providing safety appliances, also superheaters, pumps, flash boiler, &c., on locomotives, the Company paid \$1,054,659 07, the entire amount of which was charged to the equipment account. There are also due on 1913 orders, ten steel smoking cars and four multiple unit cars and on 1914 orders, fifty steel baggage cars, thirty steel passenger coaches and twenty steel combination cars.

At the present time, with the exception of baggage cars and four dining cars, all of the regular express passenger train service is handled with all-steel or steel underframe cars between New York and Boston via the three routes—Shore Line, Springfield and Hartford-Williamantic. The same is also true of the New York-Springfield, New York-Winsted, New York-Pittsfield, New York-New Haven, and, with the exception of two trains, New Haven-Boston & Maine service.

As stated above, equipment is under order the early receipt of which is expected; these cars and reinforcement of four dining cars now under way will complete the above trains with all-steel or steel underframe equipment.

Abandonment of New Work.—All construction and betterment work has been stopped except that which is so far advanced that its completion is required and that which the Company is compelled under legal orders to complete. This policy must of necessity continue until the Company can obtain money from increased earnings and through some plan that will permit financing its floating debt at lower rates of interest than are now current.

Therefore many improvements cannot now be undertaken that would add to the comfort and convenience of the public and eventually produce economies in the operation of the railroad.

ELECTRICAL DEPARTMENT.

Between New York and New Haven, including all yards and sidings, and the Cedar Hill yard at the latter point, your Company has 518 miles of track equipped for electrical operation, excluding that part of the New York Central Company between Woodlawn and Grand Central Terminal used under lease but maintained by that Company. The volume of passenger and freight business moving between New Haven and New York is very heavy and the necessity for the most effective organization is very essential.

The investment in the electrification between New York and Cedar Hill in power, locomotive, transmission lines, distributing system, electrical shops, when all the business is handled electrically, will be about \$20,000,000.

For the purpose of supervising closely and making the most effective use of these large investments, and because the operation and maintenance of this extensive electrical installation is very technical, an Electrical Department was

organized on March 18th 1914, consisting of a Consulting Electrical Engineer, with necessary assistants, having advisory jurisdiction over matters pertaining to the engineering, construction and operation of the electrical system and equipment. Better results are being gradually obtained by having this new department acting in co-operation with the divisional operating officers.

THE TROLLEY COMPANIES.

During the past year a change has been made in the method by which the electric traction properties are operated. Heretofore the details of management have been largely centralized in the general offices of The New York New Haven & Hartford Railroad Company in New Haven; but now the principal units have been given independent organizations separated from the New Haven, thus giving to the electric properties a complete staff of officials, all of whom give their entire time and attention thereto. It is expected that greater efficiency will be obtained by this change.

During the year the same high standard of maintenance of these properties has been continued and they are in better physical condition now than at any time since their purchase. In common with all transportation companies, throughout the eastern part of the United States, the electric properties have not maintained the customary growth in gross revenue, and, coupled with very extensive requirements by the municipalities served by the various lines for improved street conditions and new pavement, the expense for operation has increased in much greater ratio than the gross revenue.

Large undertakings for improvements and betterments of the properties which were well under way at the beginning of the year have been carried to completion, so that these lines are now in very much better position to take care of any increase in business which may come to the transportation companies with a revival in general business and industrial conditions in the territory served.

BERKSHIRE STREET RAILWAY COMPANY.

This Company operates through ownership or lease 144.86 miles of track in Western Massachusetts and Southwestern Vermont.

The New York New Haven & Hartford Railroad Company holds all the capital stock of the Company at a cost of \$6,371,395 58, and all the stock of The Vermont Company at a cost of \$571,164 31, a total of \$6,942,559 89. It also holds bonds of the Berkshire and Vermont companies and notes of the Berkshire Company amounting to \$4,344,000.

During the year there was spent \$681,823 89 for additions to the property, the principal item being for completion of an extension from Lee through East Lee to Huntington, to a connection with the street railroad lines running westward from the city of Springfield, this line not as yet being in operation. In addition to this there were expenditures for track improvements necessitated by State highway construction and city road betterments.

During the year the net revenue of the Company was sufficient to provide interest on all underlying bonds and rentals of leased lines; but not sufficient to pay the total amount of interest due the New Haven Road, the deficit being \$72,507 17.

THE CONNECTICUT COMPANY.

This Company operates through ownership, lease and trackage agreement 705 miles of track, all in the western half of Connecticut; in addition to which it owns 88.1 miles of track under lease to The Shore Line Electric Railway Company in New London, Norwich, Williamantic, Danielson and Putnam.

The New England Navigation Company owns all of the capital stock of the Company, at a cost of \$40,000,000. The New Haven Company also holds the 6% demand notes of this company amounting to \$2,125,000, all of which have been issued to provide funds for additions and betterments.

During the past year there was spent for additions to the property the sum of \$1,214,535 70, by far the greater part of which was for track betterment and paving to meet the requirements of the various municipalities served by the company, other large expenditures having been made to improve power conditions at a number of points.

During the past year the Company earned sufficient to pay all operating expenses, taxes and interest and returned to the Navigation Company \$1,500,000 as dividend and showed a surplus of \$1,072 42. The following table shows the results of the operations of the company for the past four years:

	1911.	1912.	1913.	1914.
Operating revenue	7,565,512 49	8,030,620 94	8,454,624 90	8,085,398 70
Operating Expenses and Taxes	5,656,400 74	5,561,547 31	5,868,526 09	5,767,388 57
Total Operating Income	1,909,111 75	2,469,073 63	2,586,098 81	2,318,010 13
Non-Operating Income	148,415 12	62,541 28	62,077 64	260,522 82
Gross Corporate Income	2,057,526 87	2,531,614 91	2,648,176 45	2,578,532 95
Deductions for Interest & Rentals	939,464 25	1,012,539 29	1,039,154 86	1,077,460 53
Net Corporate Income	1,118,062 62	1,519,075 62	1,609,021 59	1,501,072 42
Dividends	1,000,000 00	1,500,000 00	1,500,000 00	1,500,000 00
Corporate Surplus	118,062 62	19,075 62	109,021 59	1,072 42

NEW YORK & STAMFORD RAILWAY COMPANY.

This Company operates through ownership or lease 37.51 miles of track in Westchester.

The New York New Haven & Hartford Railroad Company owns all the capital stock of the Company at a cost of \$610,643 40. It also owns property between the Mianus River and the State line between New York and Connecticut, which is leased to the New York & Stamford Railway Company at an annual rental of \$20,000. The New Haven Company also owns first mortgage bonds of the New York & Stamford Railway Company carried at a cost of \$599,880, and also holds 6% demand notes of the New York & Stamford Railway Company in the amount of \$185,000, the notes all having been issued for additions and betterments, chiefly for double-tracking a large portion of this line to care for the large distribution of commuting travel between New York and the various suburban points.

The amount spent for additions and betterments during the current year was \$58,184 89, for new double-tracking.

During the year the Company did not earn an amount sufficient to pay operating expenses, taxes and interest on the outstanding bonds, the deficit being \$5,824 17.

THE RHODE ISLAND COMPANY.

This Company operates through ownership or lease 345.3 miles of electric railroad track and 8.43 miles of steam operated trackage of the Narragansett Pier Railroad Company, all in the State of Rhode Island. This includes all of the electric railroad in the cities of Providence, Pawtucket and Woonsocket and the large industrial communities adjacent.

The New York New Haven & Hartford Railroad Company owns the entire capital stock of the Company at a cost of \$24,352,336 41, in addition to which it now holds 6% demand notes of the Company in the sum of \$3,500,000, all issued to provide funds for expenditures for betterments and improvements of the property. The Rhode Island Company has also outstanding \$1,000,000 in notes for monies borrowed from outside sources.

During the current year the Company has spent \$1,568,914 21 for betterments and improvements, consisting of the following:

A tunnel under the hill to connect the business and residential portions of the city of Providence has been completed and put in operation, eliminating an expensive and cumbersome operation by gravity plane. A very large amount has also been spent for additions to the power house to meet the requirements of the Company for a number of years. An extension of 10 miles from Centerdale to Chepachet was built to provide transportation facilities for territory heretofore without direct connection with the city of Providence.

The earnings of the Company were sufficient to take care of the operations and pay all interest, rentals and taxes, and leave a surplus of \$347,642 94.

The Company leases the property of the Sea View Railroad Company and the Providence & Danielson Railway Company owned by The New England Navigation Company and representing a total investment for stock and bonds of \$1,266,379 37, on which The Rhode Island Company pays rental of \$83,132 annually.

The following table shows the operating results for the past four years:

	1911.	1912.	1913.	1914.
Operating revenue.....	\$4,675,942 97	\$5,045,006 29	\$5,322,646 93	\$5,379,148 55
Operating Expenses and Taxes.....	3,094,124 53	3,577,337 58	3,561,613 37	3,896,798 53
Total Operating Income.....	1,581,818 44	1,467,668 71	1,761,033 56	1,482,350 02
Non-operating Income.....	100,281 96	94,933 55	134,336 15	144,658 84
Gross Corporate Income.....	1,682,100 40	1,562,602 26	1,895,369 71	1,627,008 86
Deductions for Interest & Rentals.....	1,080,543 86	1,175,003 38	1,225,319 00	1,279,365 92
Net Corporate Income.....	601,556 54	387,598 88	670,050 71	347,642 94
Dividends.....	581,130 00	290,565 00	581,130 00	-----
Corporate Surplus.....	20,426 54	97,033 88	88,920 71	347,642 94

THE WESTCHESTER STREET RAILROAD COMPANY.

This Company operates through ownership or lease 30.67 miles of track in Westchester County, New York.

During this year the Public Service Commission for the 2d District of New York authorized the Company to issue 7,000 shares of stock to represent the cost of the property to the New Haven Road. This is carried at a cost of \$896,379 63, in addition to which the New Haven holds notes of the Westchester Company to the amount of \$255,771 21 issued for capital improvements of the Company's property since acquisition.

The amount spent for additions and betterments during the current year was \$56,625 54, for improvements of and additions to the track and line construction.

During the year the Company earned an amount sufficient to pay the interest on outstanding notes; but paid no dividends, the surplus from operations amounting to \$4,883 99.

WATER LINES.

The causes that adversely affected the results on the steam & trolley lines had a somewhat similar effect on the various water lines owned and controlled by your Company.

THE HARTFORD & NEW YORK TRANSPORTATION COMPANY.

The gross earnings of The Hartford & New York Transportation Company were \$1,096,499 16, as compared with \$1,157,337 82 for the previous year; but by careful operation the expenses were reduced so that the net income of this Company for the fiscal year just past was \$85,965 42, as compared with \$64,285 70 for the previous year.

This Company reduced its equipment by one barge which had become obsolete, but on account of the depression in business did not replace it.

The property of this Company is in good condition.

NEW BEDFORD MARTHA'S VINEYARD & NANTUCKET STEAMBOAT COMPANY.

On account of considerable activity in Martha's Vineyard and Nantucket the earnings of the New Bedford Martha's Vineyard and Nantucket Steamboat Company increased from \$209,469 82 to \$232,704 45; by careful operation the expenses were reduced somewhat, so that the net income of this Company for the year just past was \$62,708 25, as compared with \$25,630 17 for the previous year. Just as soon as financial conditions permit, this Company should add to its equipment a modern steamer to care for the growing business between the main land and the two islands.

THE NEW ENGLAND STEAMSHIP COMPANY.

The gross earnings of The New England Steamship Company were \$4,697,211 94, a decrease of \$219,512 25. In spite of this decrease in gross earnings, by careful operation and re-arrangement of work on some of the piers in New York, the deficit in meeting the fixed charges of this company of \$355,070 50 for the year ending June 30th 1913 was reduced to a deficit for this year of \$77,802 62.

One steamer, the "City of Bridgeport," which was not needed, was sold for \$100,000 in cash, and one transfer tug was dismantled and put out of service.

During the investigation of the Company's affairs by the Inter-State Commerce Commission, some criticism was made upon the character of the steamships and the operation thereof. As a result, the Secretary of Commerce caused a very thorough investigation to be made by the Supervising Inspectors of New York and Boston. The United States Steamboat Inspection Service has prepared a very complete report on this steamship property and it is now a matter of record with the United States Government, open to the inspection of all interested parties. Space does not permit the publishing of this report but the following extract, summing up the Government's report, will be of interest:

"This office is, therefore, of the opinion, in view of the nature of the safeguards placed upon these vessels and the excellent discipline that prevails, that danger from fire is a minimum, and that a menace to the lives of the patrons of this line does not exist."

REAL ESTATE.

GRAND CENTRAL TERMINAL.

To utilize the real estate and "aerial rights" adjacent to the Grand Central Terminal in New York, the following buildings have been constructed; Biltmore Hotel, Merchants and Manufacturers' Exchange, Adams Express Company and United Cigar Stores. The New Haven Company being a joint user of the Terminal and its approaching tracks joined with the New York Central in advancing money for the development of the property not required for railroad use.

The total amount advanced by your Company during the past fiscal year was \$1,628,190 35, and its aggregate advances to June 30th 1914 for these purposes, \$4,153,161 75.

All of the advances made yield a satisfactory interest rate and the lessees of the buildings pay ground rents and taxes, which reduce the expenses of the Grand Central Terminal, and in addition the lessees pay annual sinking fund payments, which, together with accretions to the fund, will in about twenty-seven years return to the owning Companies the sums advanced.

The following buildings are now under construction:

Todd Building, for which the Company must advance.....*\$325,000 00
Yale Club, for which the Company must advance.....250,000 00

*\$40,000 of this amount has been paid since June 30 1914.

Other buildings are projected, work upon which will begin in the near future, as follows:

Postoffice Building, between East 45th and East 46th Streets.
Apartment House, 50th Street and Park Avenue.
Apartment House, 51st Street and Park Avenue.

As to these the Company is under no present obligation to advance money but retains an option to participate at any time within two years.

The New Haven Company has also advanced \$1,310,000, one-half of the cost of the office building located at the Grand Central Terminal, which amount is to be repaid with interest in annual installments extending over a period of twenty-five years and of which amount \$104,800 has been repaid, leaving \$1,205,200 to be repaid.

INCREASED EFFICIENCY AND SAFETY.

Last year's report referred to the effort of officers and employees to raise the railroad and service to a higher standard of efficiency, safety, discipline and economy. The North Haven accident of September 2d 1913, following as it did other serious accidents, made it imperative that the rules and regulations of the Company be of such a character as to safeguard to the greatest extent possible the lives of the public and the employees.

For some time previous to this accident, negotiations had been conducted with committees representing the engineers and firemen to revise rules which were not in accordance with modern railroad practice. The new management felt that it owed a duty to the public as well as to the employees to put the new rules into effect at once. The engineers and firemen felt aggrieved at this position of the Company and voted to strike. On October 18th 1913, however, the matter was adjusted amicably with the employees, and rules containing the principles for which the management contended remained in effect.

These negotiations, in the judgment of your officers, tended to establish a better understanding and improved relations between the employees and the management, and have assisted materially in restoring confidence throughout the service. Every effort is being made by officers and men to promote a spirit of helpful co-operation, so necessary to maintain and operate the properties efficiently, safely and economically, and to give good service to the public.

SAFETY AND EFFICIENCY BUREAU.

At the present time the Company has fully organized safety and efficiency bureaus as follows:

- 1 Central Committee,
- 7 Divisional Committees,
- 13 Shop, Engine House and Terminal Committees,
- 1 Telegraph Department Committee,
- 1 Electrical Department Committee.

Regular meetings are held and considerable has been accomplished in the way of removing obstructions, securing better clearances, eliminating unsafe practices, improving view at grade crossings, &c.

NEW HAVEN RAILROAD CLUB.

The New Haven Railroad Club was organized on February 26th 1914, and is composed of officers, assistants, chief clerks, bureau foremen, or other employees of the New York New Haven & Hartford Railroad Company, or affiliated companies, holding co-ordinate positions.

The object of the Club is to promote knowledge on all matters relative to the maintenance, operation and general administration of railroads, and to encourage social relations and a common understanding between departments.

Monthly meetings are held (except in June, July and August) in the Railroad Y. M. C. A. building at New Haven, preceded by a dinner at a nominal cost.

The average attendance at these meetings has been about one hundred and sixteen. There is much interest taken in the Club and its object, and good results are already being accomplished.

RATES.

During the year the passenger rate between Boston and New York, 229.15 miles, was increased from \$4.75 to \$5 with corresponding increases at intermediate points.

Tariffs have been filed increasing the rates for mileage books from 2c. to 2½c. a mile. Tariffs are now being prepared adjusting local passenger rates, outside of the commutation zones, to 2½c. a mile. A new tariff adjusting the merchandise and class rates is being prepared, and one adjusting the commodity rates. These tariffs are very complicated, and in preparing the new schedules every effort has been made to eliminate discrimination and remove inequalities. Some rates in the new tariffs will be reduced and some will be advanced. The result as a whole will be a much more scientific and logical set of rates and a slightly higher basis. The freight tariffs will be filed with the proper Commissions between now and January 1st and it is hoped that they will be approved.

SERVICE.

Every effort has been made to give regular and safe service, both freight and passenger, and, to economize, some of the non-remunerative passenger trains have been discontinued, with the result that 284,897 miles less were run by passenger trains this fiscal year than last.

Approximately 32% of all passenger trains operated by the Company earn less than 50c. and approximately 30% earn 50c. and less than \$1 a mile, or 62% earn less than \$1 per mile. The average cost of running all trains (passenger and freight) on the New Haven road for the last fiscal year for transportation expenses, maintenance of equipment and taxes, and not including anything for maintenance of way or administration expenses, or interest on the investment, was \$1.69 per mile.

These figures emphasize the fact that the road is performing a large amount of service for the public at a loss and justify some increases in the passenger rates and some decreases in service.

STOCKHOLDERS.

The following statement of stockholders of the New Haven Company, and their location and holdings is of interest:

Classification of Capital Stock June 30.		1914.	1913.	1912.
Shares Held In—				
Massachusetts	570,166	36%	35%	35%
Connecticut	264,491	17%	19%	19%
New York	529,167	33½%	33%	34%
Rhode Island	40,463	2½%	3%	3%
Miscellaneous	166,892	11%	10%	9%
	1,571,179	100%	100%	100%
Treasury	228,991			
	1,800,170			

Number of Stockholders In—

Massachusetts	12,215	46¼%	48%	48%
Connecticut	5,728	21¾%	23%	23%
New York	4,257	16¼%	15%	15%
Rhode Island	803	3%	3%	3%
Miscellaneous	3,383	12¾%	11%	11%

Distribution of Holdings—

1 to 10 shares inc	12,127	9,314	8,698
11 " 50 " "	9,651	8,685	8,626
51 " 100 " "	2,363	2,348	2,295
101 " 500 " "	1,891	1,995	2,101
501 " 1,000 " "	207	228	210
1,001 and over	147	146	176

	26,386	22,716	22,106
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Individual and Corporate Stockholders—

Males	11,113	8,185	8,079
Females	10,920	10,102	9,710
Trustees and Guardianships	3,551	3,666	3,584
Insurance Co's and other corporations	802	763	733

	26,386	22,716	22,106
Average Shares Per Stockholder	59.5	69.06	71.32

The Company is pre-eminently one that is owned and controlled by stockholders living along the line of the road. There are only 77 stockholders living in Europe. There are 147 stockholders owning more than 1,000 shares with total holdings of 507,916 shares, and there are 26,239 stockholders owning 1,063,263 shares.

Stockholders are urged most earnestly to inform themselves about the situation of the Company, to explain the difficulties in their respective communities and to use their active influence to help the management in its efforts to reduce expenses and to increase rates slightly, and to obtain favorable consideration for the Company at this time, when the help of everyone interested in the welfare of New England is needed in order to maintain efficiently the transportation system that is so closely interwoven with the industrial, financial and social life of this part of the country.

GENERAL REMARKS.

The past year has been a most trying one for the Company, the owners of its securities, employees, officers and directors. That the Company has been able to sustain itself under the very disturbed conditions is evidence of its inherent strength. It has had to meet great loss in revenues, large increases in expenses; it has been the subject of exhaustive investigations and of much hostile criticism, of which no complaint is now made, but instead an appeal for fair treatment and constructive aid.

Among the conditions necessary for the success of the Company are:

First.—Freedom from disturbance and the opportunity for constructive work.

"There is much truth", said the Inter-State Commerce Commission in its report of June 20 1913 on the New England situation, "in the claim of the carriers that they have been so occupied with investigations and so criticized by the public that no fair opportunity has been given for the operation of their railroad properties."

Second.—The removal of restrictions and conflicts in the laws and policies of the various New England States which prevent the Company from adopting a comprehensive financial plan enabling it to meet its obligations by mortgage bonds.

Third.—A readiness on the part of Commissions, both State and National, to permit a readjustment and increase in freight and passenger rates; and an increase in the pay received for the carriage of mail and parcels post.

Fourth.—Adequate time for the Company to dispose of its investments in other companies. The Directors, as trustees for the stockholders, as well as in a large measure for the community served by the lines, should, for the protection of the property, its owners and the business of the New England States, not be forced to sacrifice these investments and at a time when values have been depressed by adverse criticism, controversy and generally poor business conditions.

The Directors and Officers are endeavoring most earnestly to conduct the affairs of the Company in a lawful, prudent and efficient manner, and are continuing to compact, improve, maintain and preserve the property in order to meet adequately the public demands and to benefit the stockholders. They will continue to strengthen its working organization, fully realizing that only with public confidence and support, and especially the co-operation of the various Commissions and Governmental authorities, can the success of the Company be assured.

The year opened with the staff of officers and the employees seriously disturbed and somewhat demoralized and discouraged because of the conditions and obstacles to be met and overcome. The efforts of the officers and employees have been directed to bringing about a better feeling towards the Company from the communities served, as well as to improving the operation of the various properties. The thanks of the owners of the property are due to the many loyal officers and employees who have rendered faithful service during the year under the most serious and most unusual conditions and obstacles.

Respectfully submitted by order of the Board of Directors.

HOWARD ELLIOTT,

Chairman of the Board and
President of the Company.

GENERAL BALANCE SHEET JUNE 30 1914.

ASSETS.	1914.		Comparison with June 30 1913.	
			Increase.	Decrease.
Property Investment—				
Road and Equipment:				
Investment to June 30th 1907:				
Road.....	\$78,378,611 83			
Equipment.....	35,126,455 57			
	\$113,505,067 40			
Investment since June 30th 1907:				
Road.....	\$55,339,106 23		\$3,025,057 88	
Equipment.....	26,696,890 13		261,539 47	
General Expenditures.....	362,461 93		3,952 62	
	82,398,458 29			
	\$195,903,525 69		\$3,290,549 97	
	2,145,733 97		1,761,948 21	
Less, Reserve for Accrued Depreciation of Equipment.....				
	\$193,757,791 72		\$1,528,601 76	
Securities:				
Securities of Proprietary, Affiliated and Controlled Companies—Pledged:				
Stock (Exhibit I).....	\$18,595,340 92		\$18,595,340 92	
Funded Debt (Exhibit II).....	88,502 50		88,502 50	
Notes (Exhibit III).....	4,169,781 71		4,169,781 71	
Securities Issued or Assumed—Pledged:				
Funded Debt (Exhibit VII).....	2,430,000 00		2,430,000 00	
Securities of Proprietary, Affiliated and Controlled Companies—Unpledged:				
Stock Exhibit IV.....	21,084,064 42			\$18,594,536 92
	46,367,689 55			
Other Investments:				
Advances to Proprietary, Affiliated and Controlled Companies for Construction, Equipment and Betterments.....	\$1,625,991 83		521,261 16	
Miscellaneous Investments:				
Physical Property.....	8,331,679 34			12,000 42
Securities—Pledged (Exhibit V).....	33,954,797 45		33,954,797 45	
Securities—Unpledged (Exhibit VI).....	95,736,311 66			27,066,131 38
	139,648,780 28			
Total Property Investment.....		\$379,774,261 55	\$14,715,616 78	
Investment in Buildings, Grand Central Terminal, New York.....		5,358,361 75	1,575,790 35	
Working Assets—				
Cash.....	\$6,066,957 80			\$6,208,472 47
Securities Issued or Assumed—Held in Treasury (Exhibit VIII).....	22,901,450 00			231,000 00
Marketable Securities (Exhibit IX).....	1,863,205 12			2,665,107 65
Loans and Bills Receivable.....	34,420,522 36			17,498,821 97
Traffic and Car Service Balances due from other Companies.....	319,259 11		85,194 46	
Net Balance due from Agents and Conductors.....	2,826,408 45			208,440 22
Miscellaneous Accounts Receivable.....	5,276,068 38		427,256 93	
Materials and Supplies.....	5,642,340 20			338,150 95
Other Working Assets.....	552,202 15			88,572 23
		79,868,413 57		\$26,726,114 10
Total Working Assets.....				
Accrued Income Not Due—				
Unmatured Interest, Dividends and Rents Receivable.....		1,298,728 86		\$361,517 80
Deferred Debit Items—				
Temporary Advances to Proprietary, Affiliated and Controlled Companies:				
Betterments on Leased Lines, Distributed as rental over term of Leases.....	\$3,526,506 04		\$466,787 01	\$1,175,571 80
Working Funds.....	840,637 22			719 93
Other Advances.....	3,031,387 97		1,836,878 00	
Rents and Insurance Paid in Advance.....	24,018 42		5,825 98	
Unextinguished Discount on Securities.....	386,666 66			1,003,628 96
Special Deposits.....	486,293 96		341,118 96	
Cash and Securities in Sinking and Redemption Funds:				
Connecticut Railway & Lighting Company Sinking Fund.....	\$742,151 60		94,745 77	1,953,883 93
Worcester & Connecticut Eastern Railway Sinking Fund.....	122,000 00		23,000 00	1,698,666 31
	864,151 60			29,470 74
Cash and Securities in Insurance and Other Reserve Funds:				
Insurance Fund.....				1,953,883 93
Accident and Casualty Fund.....				1,698,666 31
Coal Insurance Fund.....				29,470 74
Other Deferred Debit Items.....		1,375,271 17	319,450 81	
Total Deferred Debit Items.....		10,534,933 04		\$2,774,135 14
		\$476,834,698 77		\$13,570,359 91
LIABILITIES.				
Stock—				
Capital Stock.....	\$180,017,000 00			
Premium realized on Capital Stock Sold (Since July 1 1909).....	19,282,887 50			
Total Stock and Premium realized since July 1 1909.....		\$199,299,887 50		
Mortgage, Bonded and Secured Debt—				
Mortgage Bonds, including Bonds of Merged Roads assumed (Exhibit X).....	\$58,929,000 00			\$850,000 00
Collateral Gold Notes (Exhibit XI).....	19,927,000 00		\$19,927,000 00	
Plain Bonds, Debentures and Notes, including Debentures of Merged Roads Assumed (Exhibit XII).....	157,964,450 00		14,899,000 00	
	\$236,820,450 00			
Obligations for Advances received for Construction, Equipment and Betterments.....	474,803 98			
Total Mortgage, Bonded and Secured Debt.....		237,295,253 98	\$33,976,000 00	
Liability under Contract with New York Central, for this Company's half-interest in Equipment of B. & A. Equipment Trust of 1912.....		2,436,000 00		\$174,000 00
Working Liabilities—				
Loans and Bills Payable.....	\$4,251,957 98			\$38,346,792 02
Traffic and Car Service Balances due to other Companies.....	3,277,918 70		\$441,025 05	
Audited Vouchers and Wages Unpaid.....	4,813,961 08			1,588,380 54
Matured Interest, Dividends and Rents Unpaid.....	1,263,084 37			2,679,091 41
Matured Mortgage, Bonded and Secured Debt Unpaid.....	28,512 68		22,000 00	
Other Working Liabilities.....	435,919 15		228,187 73	
		14,071,353 96		\$41,922,909 19
Total Working Liabilities.....				
Accrued Liabilities Not Due—				
Unmatured Interest, Dividends and Rents Payable.....	\$2,812,266 17			\$45,700 58
Taxes Accrued.....	187,796 11		7,796 11	
Total Accrued Liabilities Not Due.....		3,000,062 28		37,904 47
Deferred Credit Items—				
Operating Reserves.....	\$1,042,597 17			\$2,301,679 60
Other Deferred Credit Items—Representing Possible Credits to Income or Profit and Loss.....	\$6,860,651 26			
Other Deferred Credit Items—Miscellaneous.....	908,515 29			
	7,769,166 55		\$2,804,438 65	
Total Deferred Credit Items.....		8,811,763 72	\$502,759 05	
Appropriated Surplus—				
Reserves from Income or Surplus:				
Invested in Sinking and Redemption Funds:				
Connecticut Railway & Lighting Co. Sinking Fund.....		623,188 03	\$94,745 77	
Equipment and Personal Property Leased.....		9,474,943 16	85,260 03	
Profit and Loss Account (page 125).....		1,822,246 14		\$6,094,311 10
For Contingent Liabilities see page 125.....				
		\$476,834,698 77		\$13,570,359 91

PROFIT AND LOSS ACCOUNT.

CREDIT.	
Balance brought forward from June 30th 1913.....	\$7,916,557 24
Credit balance of net income for the year.....	268,662 87
Balance in Insurance Funds transferred to this Account.....	1,983,354 67
Adjustment of securities to par value.....	123,720 53
Miscellaneous Items.....	25,863 55
	\$10,318,158 86
DEBIT.	
Dividend paid September 30th 1913.....	\$2,356,768 50
Loss resulting from the sale of securities of the Merchants & Miners' Transportation Co.....	3,594,500 00
Unamortized loss on the New York Westchester & Boston Ry. Co. bonds, which bonds were received in payment for advances to the New York Westchester & Boston Ry. Co. and the bonds sold to the public by the New Haven Company prior to the past fiscal year.....	1,265,295 62
Loss on Treasury securities sold or reduced to par.....	426,361 37
Depreciation on equipment assigned to the Boston & Albany RR. prior to July 1st 1913, under "Boston & Albany Equipment Trust of 1912".....	237,108 36
Depreciation prior to July 1st 1913 on equipment put out of service.....	130,070 61
Franchise and other taxes at Grand Central Terminal prior to July 1st 1913.....	111,592 57
Rental, Grand Central Palace, N. Y., for station facilities during construction of permanent station buildings, charges accruing prior to July 1st 1913, the amount not determined until recently.....	83,686 43
50% of net charges to Profit and Loss made by the Boston & Albany RR. assumed by the New Haven Company under agreement to share equally in the net results of the operation of the Boston & Albany, which agreement was canceled as of January 31st 1914.....	71,749 81
Miscellaneous charges.....	218,779 45
	8,495,912 72
Balance June 30th 1914, as per balance sheet.....	\$1,822,246 14

STATEMENT OF CONTINGENT LIABILITIES
JUNE 30TH 1914.

Under the provisions of Section 4, Chapter 519, of the Acts of the General Court of the Commonwealth of Massachusetts, passed at its 1909 Session, The New York New Haven & Hartford Railroad Company promises, when they shall be sold, to guarantee the principal of, and the dividends and interest upon, the capital stock, bonds, notes and other evidences of indebtedness of Boston Railroad Holding Company acquired by it. On June 15th 1910 the General Court of the Commonwealth of Massachusetts passed an Act authorizing the issue of preferred stock (without voting power) of Boston Railroad Holding Company, in exchange for its four per cent fifty-year Debentures dated November 1st 1909; and on January 10th 1911 the \$20,012,000 Debentures owned by The New York New Haven & Hartford Railroad Company were exchanged for preferred stock. On June 30th 1914 there were held by the public 28,000 shares of preferred stock of Boston Railroad Holding Company on which the guaranty had been executed; and on the same date The New York New Haven & Hartford Railroad Company held the following stock:

31,065 shares of Common Stock of Par Value.....	\$3,106,500 00
244,939 shares of Preferred Stock of Par Value.....	24,493,900 00

THE NEW YORK NEW HAVEN & HARTFORD RAILROAD COMPANY

Is liable jointly with other roads for any deficiency on foreclosure of bonds of the Boston Terminal Company.

Is liable by endorsement on \$200,000 six per cent demand notes dated May 1st 1914 of the Central New England Railway Company deposited as Collateral under Indenture dated May 1st 1914 securing \$20,000,000 one-year 5% Collateral Gold Notes of The New York New Haven & Hartford Railroad Company.

Guarantees the payment of principal and interest of the four per cent First Mortgage Gold Bonds of the Central New England Railway Company of the issue of January 1st 1911 to the amount of \$12,012,000.

Is liable by endorsement on \$1,325,000 six per cent demand notes dated May 1st 1914 of The Connecticut Company deposited as Collateral under Indenture dated May 1st 1914, securing \$20,000,000 one year 5% Collateral Gold

Notes of The New York New Haven & Hartford Railroad Company.

Is liable by endorsement on \$3,000,000 six per cent demand notes, Series "E", dated May 1 1914 of The Harlem River & Port Chester Railroad Company deposited as Collateral under Indenture dated May 1st 1914 securing \$20,000,000 one-year 5% Collateral Gold Notes of The New York New Haven & Hartford Railroad Company.

Guarantees the payment of principal and interest of The Harlem River & Port Chester Railroad Company one-year 5% Gold Notes, Series "A", dated May 1st 1914 to the amount of \$10,000,000.

Is liable by endorsement on \$819,781 71 five per cent demand note dated September 22nd 1911 of the Hartford & Connecticut Western Railroad Company (previously endorsed by the Central New England Railway Co.) deposited as Collateral under Indenture dated May 1st 1914, securing \$20,000,000 one-year 5% Collateral Gold Notes of The New York New Haven & Hartford Railroad Company.

Is liable by endorsement on \$1,150,000 six per cent demand notes dated May 1st 1914 of Housatonic Power Company deposited as Collateral under Indenture dated May 1st 1914, securing \$20,000,000 one-year 5% Collateral Gold Notes of The New York New Haven & Hartford Railroad Company.

Guarantees the payment of principal of \$300,000 and interest on the 6% one-year Notes of the Housatonic Power Company dated March 31st 1914.

Guarantees four per cent dividends on preferred stock of the New England Investment & Security Company, \$4,000,000, and payment of principal at one hundred five per cent on liquidation; also guarantees the payment of principal, \$5,000,000, and interest of the New England Investment & Security Company fifteen-year Funding Gold Notes dated April 1st 1909.

Guarantees the payment of principal and interest of the Gold Debenture of The New England Navigation Company in case of termination of lease of the Old Colony Railroad Company, \$3,600,000.

The New York New Haven & Hartford Railroad Company and the Pennsylvania Railroad Company, jointly and severally, guarantee the payment of the principal and interest of the outstanding \$16,000,000 First Mortgage four and one-half per cent Gold Bonds dated August 1 1913, due August 1st 1953, of the New York Connecting Railroad Company.

Guarantees the payment of principal and interest of the four per cent fifty-year First and Refunding Mortgage Gold Bonds of the New York & Stamford Railway Company, of the issue of November 1st 1908, to the amount of \$925,000.

Is liable by endorsement on \$185,000 six per cent demand notes, dated May 1st 1914 of New York & Stamford Railway Company deposited as Collateral under Indenture dated May 1st 1914, securing \$20,000,000 one-year 5% Collateral Gold Notes of The New York New Haven & Hartford Railroad Company.

Guarantees the payment of principal and interest of the four and one-half per cent First Mortgage Gold Bonds of The New York Westchester & Boston Railway Company of the issue of July 1st 1911 to the amount of \$21,200,000.

Is liable by endorsement on \$1,725,000 six per cent demand notes dated May 1st 1914 of The Rhode Island Company deposited as Collateral under indenture dated May 1st 1914, securing \$20,000,000 one-year 5% Collateral Gold Notes of The New York New Haven & Hartford Railroad Company.

Is liable by endorsement on \$150,000 five per cent demand note dated May 1st 1914 of Rutland Railroad Company deposited as Collateral under Indenture dated May 1st 1914, securing \$20,000,000 one-year 5% Collateral Gold Notes of The New York New Haven & Hartford Railroad Company.

Guarantees four per cent dividends on preferred stock of the Springfield Railway Companies, \$3,387,900, and payment of principal at one hundred five per cent on liquidation.

OF THE ABOVE CONTINGENT LIABILITIES THE FOLLOWING ARE IN THE HANDS OF THE PUBLIC.

The Interest or Dividends Were All Met by Issuing Companies Unless Otherwise Noted.

Name of Company—	Nature of Obligation.	Form of Guaranty.	Total Amount of Liability.	Rate.	Date Due.	Annual Interest or Dividends.
*Boston Terminal Co.....	Bonds	Joint with other Co's.	\$14,500,000 00	3½%	Feb. 1 1947	\$507,500 00
New York & Stamford Ry. Co.....	1st Ref. Mtge. Gold Bonds	Sole	247,000 00	4%	Nov. 1 1958	9,880 00
Central New England Ry. Co.....	1st Mtge. Gold Bonds	Sole	12,012,000 00	4%	Jan. 1 1961	480,480 00
aNew York Westchester & Boston Ry. Co.....	1st Mtge. Gold Bonds	Sole	19,200,000 00	4½%	July 1 1946	864,000 00
Springfield Ry. Co.....	Preferred Stock	Sole	3,387,900 00			
			and payment of principal at 105% on liquidation.....			
New England Investment & Security Co.....	Preferred Stock	Sole	4,000,000 00	4%		135,516 00
			and payment of principal at 105% on liquidation.....			
dBoston Railroad Holding Co.....	Preferred Stock	Sole	2,800,000 00	4%		160,000 00
aNew York Connecting RR. Co.....	1st Mtge. Gold Bonds	Joint with Penn. RR.	16,000,000 00	4½%	Aug. 1 1953	112,000 00
Housatonic Power Co.....	One-Year Notes	Sole	300,000 00	6%	Mar. 31 1915	720,000 00
The Harlem River & Port Chester RR. Co.....	One-Year 5% Gold Notes Series "A"	Sole	10,000,000 00	5%	May 1 1915	18,000 00

* Interest on Bonds paid out of Rentals received from Companies using Terminal.

a Did not earn interest on bonds. Paid by The New York New Haven & Hartford RR. Co.

d Did not earn dividend on preferred stock. Paid by The New York New Haven & Hartford RR. Co.

Not complete or in operation. Interest charged to construction.

PLEDGED.—SECURITIES OF PROPRIETARY, AFFILIATED AND CONTROLLED COMPANIES.—
EXHIBIT I.

Stocks—	Number of Shares.	Book Value.
Central New England Railway Co. Common Stock	47,920	\$868,566 55
Central New England Railway Co. Pref. Stock	37,360	1,052,335 91
Hartford & Connecticut Western RR. Co.	17,482	1,201,063 69
New York Ontario & Western Ry. Co. Common	291,600	13,105,185 62
New York Ontario & Western Ry. Co. Preferred	22	3,212 00
Rutland Railroad Co.	23,520 1/2	2,364,977 15
Total		\$18,595,340 92

EXHIBIT II.

Funded Debt—	Par Value.	Book Value.
Central New England Railway Co.		
4% First Mortgage Gold Bonds	\$85,000 00	\$88,502 50

EXHIBIT III.

Notes—	Rate of Interest.	Book Value.
Central New England Railway Co.	6%	\$200,000 00
The Harlem River & Port Chester RR. Co.	6%	3,000,000 00
Hartford & Conn. Western RR. Co.	5%	819,781 71
Rutland Railroad Co.	5%	150,000 00
Total		\$4,169,781 71

These securities comprise part of the Collateral Pledged under the Indenture dated May 1st 1914, securing 5% Collateral Gold Notes.

EXHIBIT IV.—SECURITIES OF PROPRIETARY, AFFILIATED AND CONTROLLED COMPANIES. UNPLEDGED.

Stocks—	Number of Shares.	Book Value.
Boston & Providence RR. Corporation	5,246	\$1,582,443 18
The Boston Terminal Co.	2,000	200,000 00
Central New England Ry. Co. Common Stock and Scrip	30	543 90
Central New England Ry. Co. Preferred Stock and Scrip	10	281 60
The Harlem River & Port Chester RR. Co.	10,000	1,000,000 00
Holyoke & Westfield RR. Co.	200	20,000 00
The New York Connecting RR. Co.	15,000	1,527,204 33
Norwich & Worcester RR. Co.	971	219,038 19
Old Colony RR. Co.	98,132	13,065,341 80
Providence Warren & Bristol RR. Co. Common	4,867	730,212 67
Providence Warren & Bristol RR. Co. Preferred	1	220 00
Providence & Worcester RR. Co.	9,551	2,738,762 75
Roxbury Central Wharf Co.	7	7 00
South Bay Wharf & Terminal Co.	9	9 00
Total		\$21,084,064 42

EXHIBIT V.—MISCELLANEOUS INVESTMENTS.—PLEDGED.

Stocks—	Number of Shares.	Book Value.
American Telephone & Telegraph Co.	314	\$37,782 56
Concord & Montreal RR.	2,469	395,765 70
Connecticut & Passumpsic Rivers RR. Co.	1,464	208,162 44
Northern RR. (of New Hampshire)	922	130,750 27
Pennsylvania Railroad Co.	1,168	71,907 64
The Rhode Island Co.	96,855	24,352,336 41
Waterbury Gas Light Co.	8,374	847,971 88
Bonds—	Par Value.	Book Value.
American Telephone & Telegraph Co.		
4 1/4% Gold Bonds due 1933	\$6,300 00	\$6,290 55
Chicago Burlington & Quincy RR. Co. (Ill. Div.)		
3 1/2% Bonds due 1949	10,000 00	9,150 00
Chicago & Eastern Illinois RR. Co.		
5% Bonds due 1937	22,000 00	25,300 00
Chicago Rock Island & Pacific RR. Co.		
4% General Mortgage Bonds due 1988	38,000 00	38,000 00
New York Westchester & Boston Ry. Co.		
4 1/4% First Mortgage Gold Bonds due 1946	2,000,000 00	2,000,000 00
New York & Stamford Railway Co.		
4% First and Refunding Mortgage Gold Bonds due 1958	678,000 00	599,880 00
The Vermont Company.		
5% First Mortgage Gold Bonds due 1931	846,000 00	846,500 00
Notes—	Rate of Interest.	Book Value.
Housatonic Power Co.	6%	1,150,000 00
New York & Stamford Railway Co.	6	185,000 00
The Connecticut Co.	6	1,325,000 00
The Rhode Island Co.	6	1,725,000 00
Total		\$33,954,797 45

These securities comprise part of the Collateral Pledged under the Indenture dated May 1st 1914, securing 5% Collateral Gold Notes.

EXHIBIT VI.—MISCELLANEOUS INVESTMENTS.—UNPLEDGED.

Stocks—	Number of Shares.	Book Value.
Berkshire Street Railway Co.	53,981	\$6,371,395 58
Boston Railroad Holding Co. Preferred	244,939	24,493,900 00
Boston Railroad Holding Co. Common	31,065	3,106,500 00
Millbrook Co.	1,000	100,000 00
The New England Navigation Co.	494,055	53,322,899 48
New York & Stamford Railway Co.	5,000	610,643 40
New York Westchester & Boston Ry. Co.		
Stock and Scrip	49,249	6,241,951 76
The Vermont Co.	6,500	571,164 31
Wood River Branch RR. Co.	336	21,477 50
The Westchester Street RR. Co.	7,000	896,379 63
Total		\$95,736,311 66

EXHIBIT VII.—SECURITIES ISSUED OR ASSUMED.—PLEDGED.

Funded Debt—	Par Value.	Book Value.
New York Providence & Boston RR. Co. 4% General Mortgage Bonds, due April 1st 1942	\$247,000 00	\$247,000 00
The New York New Haven & Hartford RR. Co. 6% Convertible Debenture certificates, due Jan. 15th 1948	600,800 00	600,800 00
3 1/2% Non-Convertible Debenture certificates, due April 1st 1954	2,100 00	2,100 00
3 1/2% Convertible Debenture certificates, due Jan. 1st 1956	852,100 00	852,100 00
3 1/2% Non-Convertible Debenture certificates, due March 1st 1947	9,000 00	9,000 00
Providence Securities Co. 4% Fifty-year Gold Debentures, due May 1st 1957	719,000 00	719,000 00
Total		\$2,430,000 00

These securities comprise part of the Collateral Pledged under the Indenture dated May 1st 1914, securing 5% Collateral Gold Notes.

EXHIBIT VIII.—SECURITIES ISSUED OR ASSUMED, HELD IN TREASURY.—UNPLEDGED.

Stocks—	Number of Shares.	Book Value.
The New York New Haven & Hartford RR. Co.	228,991	\$22,899,100 00
Total		\$22,899,100 00
Funded Debt—	Par Value.	Book Value.
The Consolidated Ry. Co. 3, 3 1/2 and 4% Debentures and Scrip	\$2,350 00	2,350 00
Total		\$22,901,450 00

EXHIBIT IX.—MARKETABLE SECURITIES.

Stocks—	Number of Shares.	Book Value.
Boston & Lowell RR. Corporation	412	\$88,775 13
City National Bank, Holyoke	100	11,500 00
Connecticut River RR. Co.	1,015	276,220 04
Concord & Portsmouth RR. Co.	18	3,285 00
Hereford Railway Co.	246	21,928 77
Iron Works Aqueduct & Water Co. 1-12 Interest		100 00
Lowell & Andover RR. Co.	193	41,919 28
Manchester & Lawrence RR. Co.	63	14,081 66
Massawippi Valley Railway Co.	354	46,020 00
Nashua & Lowell RR. Co.	84	20,170 51
Pemigewasset Valley RR. Co.	710	99,676 51
Peterborough RR. Co.	86	8,390 00
Pittsfield & North Adams RR. Corp.	50	6,965 26
Quincy Quarries Co.	38	2,110 00
Upper Coos RR. Co.	73	10,242 75
Vermont & Massachusetts RR. Co.	184	30,439 77
Village Water Co., New Hartford	2	24 00
Westinghouse Air Brake Co.	9	967 00
Wilton RR. Co.	98	21,389 14
Miscellaneous		2,500 00
Total		\$706,704 80
Funded Debt—	Par Value.	Book Value.
Berkshire Street Ry. Co. 5% 20-year Gold Debentures	\$200,000 00	\$200,000 00
Central New England Ry. Co. 5% Income Bond Scrip	608 50	608 50
Central New England Ry. Co. (D. C. RR.) 4 1/4% First Mortgage Gold Bonds	5,000 00	5,230 00
Park Square Theatre Co., Inc. 5% Second Mortgage Notes	320,000 00	320,000 00
Wood River Branch RR. Co. 5 1/4% First Mortgage Bonds	56,500 00	28,250 00
Pawtuxet Valley Electric Street Ry. Co. 5% Bonds	38,000 00	39,900 00
Total		\$593,988 50
Notes—	Rate of Interest.	Book Value.
City Lumber & Coal Co.	5%	\$15,000 00
P. C. Larkin	5	63,894 05
Prov. Warren & Bristol RR. Co.	6	38,617 77
Salts Textile Manufacturing Co.	5	75,000 00
Shearer Realty Trust Co.	5	200,000 00
Rutland Railroad Co.	5	50,000 00
Trustees of the Massachusetts Automobile Club Trust	5	90,000 00
Waterbury Lumber & Coal Co.	5	5,000 00
Ida V. Whitney	4 1/2	25,000 00
Total		\$562,511 82
Total		\$1,863,205 12

DEBT OF LEASED ROADS INTEREST ON WHICH IS PAID BY THE NEW YORK NEW HAVEN & HARTFORD RAILROAD COMPANY AS PART OF RENTAL.

Date of Issue.	Name of Road.	Character of Debt.	When Due.	Amount Outstanding.	Interest.	Annual Interest.
					Rate.	When Payable.
Jan. 1 1888	Old Colony RR	Bonds	Jan. 1 1938	\$4,000,000 00	4	Jan. and July
Feb. 1 1894	" " "	"	Feb. 1 1924	3,000,000 00	4	Feb. and Aug.
Dec. 1 1895	" " "	"	Dec. 1 1925	5,598,000 00	4	June and Dec.
July 1 1902	" " "	"	July 1 1932	1,000,000 00	3 1/2	Jan. and July
July 1 1888	Boston & Providence RR	"	July 1 1918	2,170,000 00	4	Jan. and July
Oct. 1 1897	Providence & Worcester RR	First Mortgage	Oct. 1 1947	1,500,000 00	4	Apr. and Oct.
Mar. 1 1897	Norwich & Worcester RR	Debentures	Mar. 1 1927	1,200,000 00	4	Mar. and Sept.
Jan. 1 1901	Connecticut Ry. & Lighting Co.	First and Refunding Mtge.	Jan. 1 1951	12,551,000 00	4 1/2	Jan. and July
Jan. 1 1899	Connecticut Lighting & Power Co.	First Mortgage	Jan. 1 1939	209,000 00	5	Jan. and July
July 1 1893	Bridgeport Traction Co.	"	July 1 1923	706,000 00	5	Jan. and July
				\$31,934,000 00		\$1,344,265 00

* Fractional certificates for bonds amounting to \$378 36 outstanding do not draw interest

a Rental assumed by the Connecticut Co. and the Housatonic Power Co.

EXHIBIT X.—THE NEW YORK NEW HAVEN & HARTFORD RAILROAD COMPANY BONDED DEBT, INCLUDING BONDS OF MERGED ROADS ASSUMED.

		Rate and Character of Debt.	Total Outstanding.	Date of Maturity.	Interest Payable.	
N. Y. N. H. & H. RR. Co.—H. R. & P. Co.	4%	First Mortgage.	\$15,000,000 00	May 1 1954	May 1.	Nov. 1.
New York Providence & Boston RR. Co.	4%	General Mortgage.	1,000,000 00	April 1 1942	April 1.	Oct. 1.
Housatonic Railroad Company	5%	Consolidated Mortgage.	2,839,000 00	Nov. 1 1937	May 1.	Nov. 1.
Danbury & Norwalk Railroad Company	6%	Consolidated Mortgage.	100,000 00	July 1 1920	Jan. 1.	July 1.
" " " " "	6%	Consolidated Mortgage.	400,000 00	July 1 1920	Jan. 1.	July 1.
" " " " "	5%	General Mortgage.	150,000 00	April 1 1925	April 1.	Oct. 1.
New Haven & Derby Railroad Company	4%	First Refunding Mtge. Gold	350,000 00	June 1 1955	June 1.	Dec. 1.
Providence & Springfield Railroad Company	5%	Consolidated Mortgage.	575,000 00	May 1 1918	May 1.	Nov. 1.
Naugatuck Railroad Company	5%	First Mortgage.	750,000 00	July 1 1922	Jan. 1.	July 1.
Boston & New York Air Line RR. Co.	4%	First Mortgage.	2,500,000 00	May 1 1954	May 1.	Nov. 1.
Providence Terminal Company	4%	First Mortgage Gold.	3,777,000 00	Aug. 1 1955	Feb. 1.	Aug. 1.
Worcester & Conn. Eastern Ry. Co.	4%	First Mortgage Gold.	4,000,000 00	Mar. 1 1956	Mar. 1.	Sept. 1.
New Haven & Centerville St. Ry. Co.	4 1/2%	First Mortgage Gold.	1,992,000 00	Jan. 1 1943	Jan. 1.	July 1.
Meriden Horse RR. Co.	5%	First Mortgage.	283,000 00	Sept. 1 1933	Mar. 1.	Sept. 1.
Norwich Street Railway Co.	5%	Consolidated Mortgage.	415,000 00	Jan. 1 1924	Jan. 1.	July 1.
Montville Street Railway Co.	5%	First Mortgage.	350,000 00	Oct. 2 1923	April 1.	Oct. 1.
New London Street Railway Co.	5%	First Mortgage.	250,000 00	May 1 1920	May 1.	Nov. 1.
Middletown Horse RR. Co.	5%	First Mortgage.	150,000 00	Oct. 2 1923	April 1.	Oct. 1.
Portland Street Railway Co.	5%	First Mortgage.	150,000 00	Dec. 1 1914	June 1.	Dec. 1.
Hartford Manchester & Rockville Tramway Co.	5%	First Mortgage.	30,000 00	Nov. 1 1916	May 1.	Nov. 1.
Hartford Street Railway Co.	5%	First Mortgage.	200,000 00	Oct. 1 1924	April 1.	Oct. 1.
Greenwich Tramway Co.	4%	First Mortgage Gold.	2,500,000 00	Sept. 1 1930	Mar. 1.	Sept. 1.
Branford Electric Co.*	5%	First Mortgage.	320,000 00	July 1 1931	Jan. 1.	July 1.
Torrington & Winchester St. Ry. Co.	5%	First Mortgage.	63,000 00	Oct. 1 1937	April 1.	Oct. 1.
Meriden Southington & Compounce Tramway Co.	5%	First Mortgage.	150,000 00	Dec. 1 1917	June 1.	Dec. 1.
Pawtuxet Valley RR. Co.	5%	First Mortgage.	175,000 00	July 1 1928	Jan. 1.	July 1.
New England RR. Co.	4%	First Mortgage.	160,000 00	April 1 1925	April 1.	Oct. 1.
Stafford Springs Street Ry. Co.	5%	Consolidated Mortgage.	10,000,000 00	July 1 1945	Jan. 1.	July 1.
New Haven & Northampton Co.	5%	Consolidated Mortgage.	7,500,000 00	July 1 1945	Jan. 1.	July 1.
	4%	First Mortgage Gold.	400,000 00	July 1 1956	Jan. 1.	July 1.
	5%	Refunding Cons. Mtge. Gold Bonds	2,400,000 00	June 1 1956	June 1.	Dec. 1.
			\$58,929,000 00			

Note.—Certain property of this Company is subject to a lien under a mortgage of the New York & New England Railroad Company to secure Boston Terminal Bonds of that Company to the amount of \$1,500,000, due April 1 1939, bearing interest at 4 per cent.
* Principal, and interest to maturity deposited with the Union and New Haven Trust Co.

EXHIBIT XI.—THE NEW YORK NEW HAVEN & HARTFORD RAILROAD COMPANY COLLATERAL GOLD NOTES.

5% Collateral Gold Notes dated May 1st 1914, due May 1st 1915. Total Outstanding, \$19,927,000 00.
Interest payable May 1st and November 1st. For list of collateral pledged as security see preceding page. Exhibits 1-2-3-5-7.

EXHIBIT XII.—NEW YORK NEW HAVEN & HARTFORD RAILROAD COMPANY DEBENTURES, INCLUDING DEBENTURES OF MERGED ROADS ASSUMED.

	Total Outstanding.	Date of Maturity.	Interest Payable.
Convertible 6% Debenture Certificates	\$39,029,000 00	Jan. 15 1948	Jan. 15. July 15.
Convertible 3 1/2% Debenture Certificates	9,765,450 00	Jan. 1 1956	Jan. 1. July 1.
Non-Convertible 4% Debentures	5,000,000 00	Mar. 1 1947	Mar. 1. Sept. 1.
Non-Convertible 3 1/2% Debentures	5,000,000 00	Mar. 1 1947	Mar. 1. Sept. 1.
Non-Convertible 3 1/2% Debentures	10,000,000 00	April 1 1954	April 1. Oct. 1.
Non-Convertible 4% Debentures	15,000,000 00	July 1 1955	Jan. 1. July 1.
Non-Convertible 4% Debentures	15,000,000 00	May 1 1956	May 1. Nov. 1.
European Loan of 1907	27,985,000 00	April 1 1922	April 1. Oct. 1.
Naugatuck Railroad Co. 3 1/2% Debentures	234,000 00	Oct. 1 1930	April 1. Oct. 1.
Hartford Street Railway Co. 4% Debentures Series M	165,000 00	Jan. 1 1930	Jan. 15. July 15.
The Consolidated Railway Co.—			
3%, 3 1/2% and 4% Debentures	972,000 00	Feb. 1 1930	Feb. 1. Aug. 1.
4% Debentures	4,255,000 00	July 1 1954	Jan. 1. July 1.
4% Debentures	2,309,000 00	Jan. 1 1955	Jan. 1. July 1.
4% Debentures	1,340,000 00	April 1 1955	April 1. Oct. 1.
4% Debentures	2,011,000 00	Jan. 1 1956	Jan. 1. July 1.
Providence Securities Co. 4% Gold Debentures	19,899,000 00	May 1 1957	May 1. Nov. 1.
	\$157,964,450 00		

RENTALS OF LEASED LINES.—FOR THE YEAR ENDING JUNE 30 1914 IN COMPARISON WITH YEAR 1913.

	1914.	Comparison with 1913.	
		Increase.	Decrease.
*Old Colony Railroad	\$2,107,393 48	\$21,769 23	
Boston & Providence Railroad	494,807 50		\$3,856 05
Providence & Worcester Railroad	416,000 00		
Norwich & Worcester Railroad	290,537 00		11 70
The Harlem River & Port Chester RR.	1,197,100 96	86,778 38	
Holyoke & Westfield Railroad	46,000 00		
Providence Warren & Bristol Railroad	55,158 89	1,098 18	
Chatham Railroad	3,610 00		
Betterments to Leased Lines Irrecoverable, distributed as rental over term of leases	47,934 44	6,970 65	
Total	\$4,658,542 27	\$112,748 69	

* There has been no increase in the Capital Stock of the Old Colony Railroad Company during the past fiscal year.

ADDITIONS AND BETTERMENTS—YEAR ENDING JUNE 30 1914.

Real Estate	\$274,186 35	
New or Improved Bridges:		
New London, Conn.	\$68,114 97	
New Haven, Conn.	24,173 12	
Midland Division (Various)	24,548 52	
Providence, R. I.	16,136 95	
Mt. Vernon, N. Y.	13,452 91	
Hazardville, Conn.	8,348 48	
South Boston, Mass.	6,257 76	
Whately, Mass.	5,490 50	
Natick, R. I.	5,000 03	
Sundry Places	15,157 97	
Glenbrook, Conn.—New Haven, Conn., Electrification		186,681 21
New Haven, Conn.—Springfield, Mass., Signals		955,610 47
Stamford, Conn.—New Haven, Conn., Signals		216,660 36
Berkshire Jct., Conn.—New Milford, Conn., Double Track		192,369 61
		153,094 76

Brought forward	\$1,978,602 76
Woodlawn, N. Y.—New Haven, Conn., Re-distribution System	\$124,251 06
Woonsocket, R. I., Improved Freight Facilities	67,839 99
Cos Cob, Conn., Power Plant	51,910 10
Hartford, Conn., Additional Tracks	31,061 79
Middletown, Conn.—Willimantic, Conn., Improvements	24,902 19
Bradford, R. I., Improved Freight Facilities	22,878 05
Stonington, Conn., Track Improvements	22,603 71
Torrington, Conn., Freight House Improvements	16,954 78
New Rochelle Jct., N. Y., Revision Track Layout	19,759 02
Stamford, Conn.—Woodlawn, N. Y., Circuit Breakers	18,946 15
New Haven, Conn., Re-arrangement Telephone Facilities	16,977 78
South Bay Jct., Mass., Paving and Drains	14,718 34
South Boston, Mass., Pier No. 1, Improvements	13,984 35
Olneyville, R. I., Temporary Freight Facilities	12,534 68
Elimination of Grade Crossings	233,913 84
New or Improved Stations	16,571 17
New or Improved Yards and Sidings	64,831 51
New or Improved Cross-overs	24,105 58
Sundry Other Additions and Betterments	248,663 65
	\$3,029,010 60

New Equipment, consisting of 3 electric locomotives, 34 steel coaches, 6 steel postal cars, 1 steel smoker, 20 milk cars, 3 steel floats, 1 steam locomotive crane, 1 transformer, 1 rail unloader, 20 passenger and freight cars converted to freight train cars and 262 passenger and freight train cars converted into work cars and tool cars.

	1,054,659 07
	\$4,083,669 57
Less—	
Equipment put out of Service and Equipment transferred to Equipment Trust	793,119 60
Total	\$3,290,549 97

These expenditures were disposed of as under:	
Charged to Cost of Road	\$3,025,057 88
Charged to Equipment	261,539 47
Charged to General Expenditures	3,952 62
	\$3,290,549 97

—Wm. Morris Imbrie & Co., of 61 Broadway, this city, and the Harris Trust Building, Chicago, announce that Gilman P. Tiffany will represent the firm in Amsterdam, N. Y. and vicinity. Mr. Tiffany was formerly identified with the Federal Utilities Inc., 60 Broadway.

—A copy of our "Bankers' Convention Supplement", containing a full report of the proceedings of the annual convention of the American Bankers' Association, held in Richmond, Va. last week, is mailed to all our subscribers with this issue of the "Chronicle."

—Spencer Trask & Co., 43 Exchange Place, this city, Albany, Boston and Chicago, have issued a special bond circular of general information for conservative investors. A copy will be mailed upon application to the firm's New York office.

—Bodell & Co., 10 Weybosset St., Providence, R. I., are compiling and issuing a weekly financial review presenting a condensed summary of the current events in financial circles. The matter is printed in clear and attractive form.

CHICAGO GREAT WESTERN RAILROAD COMPANY

EXTRACTS FROM FIFTH ANNUAL REPORT—FOR THE YEAR ENDED JUNE 30 1914.

To the Stockholders of the Chicago Great Western Railroad Co.:
The Board of Directors submit herewith their report for the year ended June 30, 1914:

INCOME:

The Income results for the year ended June 30 1914 were as follows:

Rail Operations:		Charges:	
Operating revenues....	\$14,260,521 69	Int. on Chicago Great Western RR. Co. bds	\$1,033,720 00
Operating expenses....	10,831,167 89	Interest on Mason City & Ft. Dodge RR. Co. bonds (see note)....	480,000 00
Net operating revenue	\$3,429,353 80	Other Interest.....	1,250 52
Outside Operations (net deficit).....	3,249 11	Rentals paid for tracks, yards & other facilities	592,849 54
Total net revenue.....	\$3,426,104 69	Hire of equipment (bal)	50,399 60
Taxes.....	499,031 74	Miscellaneous.....	19,012 74
Operating income.....	\$2,927,022 95	Total charges.....	\$2,177,232 40
Other Income.....	146,139 88	Surplus.....	\$895,930 43
Total income.....	\$3,073,162 83		

Note.—The interest on the bonds of the Mason City and Ft. Dodge RR. Co. is not an obligation of the Chicago Great Western RR. Co. unless earned under the terms of and as provided in the lease of the property. For detailed and comparative statements of the Income see Exhibits 2 and 3, on pages 28 and 29 [pamphlet].

OPERATING REVENUES:

The total Operating Revenue of the system for the year amounted to \$14,260,521 69, against \$14,000,618 42 for the year 1913; an increase of \$259,903 27, or 1.86%, over the preceding year.

Reference is invited to Exhibit 14, page 41, (pamphlet report) showing the revenues for the ten years ended June 30 1914, and the improvements therein during the last five years, as compared with the years prior thereto.

In connection with the revenue accounts the following facts are noted:

Freight Traffic.—The Freight Revenue for the year amounted to \$9,943,575 18, as compared with \$9,795,074 38 for the preceding year, an increase of \$148,500 80, or 1.52%.

Of this increased revenue, \$93,034 48 came from transportation of Products of Agriculture, including grains, flour, other mill products and tobacco. \$19,246 04 of the increase came from Products of Animals, including horses, cattle, sheep, packing house products, etc. \$9,215 99 of the increase came from Products of Forests. \$45,153 94 of the increase came from Products of Mines. \$8,445 09 of the increase came from Merchandise.

The revenue from Manufactures, notwithstanding an increase of 2.67% in tonnage, decreased \$26,594 74, due to decrease of 11.14 miles in the average length of haul.

The aggregate of the revenue tonnage carried during the past year was 5,557,858 tons, as compared with 5,306,774 tons in the previous year—the increase being 251,084 tons, or 4.73%. The tons-one-mile of revenue freight increased from 1,337,724,849 in the year 1913, to 1,364,026,080 in 1914, an increase of 26,301,231, or 1.97%. The revenue per ton per mile in the year 1914 was 7.29 mills, as compared with 7.32 mills in the previous year, a decrease of .03 mills, or .41 of one per cent. The revenue per freight-train mile in the year 1914 was \$3.46, as compared with \$3.29 in the preceding year, an increase of 5.17%.

Passenger Traffic.—The revenue from passenger traffic during the past year was \$3,205,991 63, which is \$61,707 77 or 1.96% more than that of the preceding year.

The summaries and results of the passenger traffic, as compared with those of the preceding year, are as follows:

The number of passengers carried increased 166,541, or 6.28%, the total number carried in 1914 being 2,817,637, against 2,651,096 carried in the previous year. The revenue passengers carried one mile increased from 153,998,072 in the preceding year to 160,199,058 in the last year, an increase of 6,200,986, or 4.03%. The revenue per passenger-mile for the year 1914 was 2.001 cents, as compared with 2.042 cents for the preceding year, a decrease of .041 cents, or 2.01%. The Passenger Revenue per passenger-train mile decreased from \$1.01 in the year 1913 to 99 cents in the past year, a decrease of 1.98%.

The revenue from all passenger train service (including passengers carried, mail, express, etc.), per passenger train mile decreased from \$1.26 in the year 1913 to \$1.24 in the past year, or 1.59%.

Mail Revenue.—In the Mail Revenue there was an increase in the year 1914, as compared with the preceding year, of \$12,852 66. This increase is due to an additional annual allowance of approximately \$6,300 for Parcels Post service and approximately \$6,500 per annum for increased "R. P. O." service.

Express Revenue.—The revenue from this source for the year 1914 was \$364,564 88, as compared with \$349,759 64 for the preceding year, an increase of \$14,805 24. This increase is due entirely to the increase from \$350,000 to \$375,000 in the guaranteed minimum per annum payable by the Wells, Fargo & Co., from Dec. 1 1913, under contract with that company.

TERMINATION OF VOTING TRUST. RESUME OF OPERATIONS AND RESULTS DURING THE TRUSTEESHIP.

Due notice of the termination of the Voting Trust Agreement on Sept. 1 1914 [has been given by the surviving voting trustees. The notice set forth, among other things,

the gross and net revenues and the surplus for the past year, those for the month of June, 1914, being estimated because the actual figures were not available at the time. Since then the actual results for the month of June have been determined, and the results for the year are set forth in the statements exhibited in this report. The actual gross and net revenues and the surplus, each, for the year were somewhat more than the amounts stated in the notice of the surviving voting trustees.

During the 5-year period of the Voting Trust there was expended:

For additions to and improvements of the roadway, tracks and structures.....	\$10,229,978 31
For additions to and improvements of the equipment.....	6,847,773 91
For the purchase of stock in the Kansas City Terminal Ry. Co. and The Leavenworth Terminal Ry. and Bridge Co.....	224,589 90
Total.....	\$17,302,342 12

The sum thus expended was from the following sources:

From assessments and sale of bonds under the plan of reorganization.....	\$10,358,554 87
Proceeds from sale of \$4,000,000 first mtge. 4% bonds.....	3,350,000 00
Mortgage assumed in connection with purchase of terminals in St. Paul and Minneapolis from Wisconsin Central Railway Company.....	500,000 00
Proceeds from sales of land and old equipment.....	1,147,793 53
From current funds, to be replaced by further sale of bonds provided for in the reorganization.....	1,915,990 72
Total.....	\$17,302,342 12

The improvements thus briefly summarized are set forth in detail under "Additions and Improvements, Sept. 1 1909, to June 30 1914," on pages 15 to 20 [of pamphlet report]. An examination of the latter will best disclose to the reader the substantially improved condition and greater value of the property, as compared with its condition and value five years ago—both physically and as a revenue producer.

[The additions and improvements for the late fiscal year aggregated \$920,442, including \$646,406 for road improvements and \$274,036 for equipment. Of the total amount \$17,077,752 expended for improvements and additions during the period from Sept. 1 1909 to June 30 1914, \$6,847,774 represented outlays on equipment and \$10,229,978 was for additions and betterments to road, notably the following items: Reconstruction of road bed and track \$2,615,396; Terminal yards \$2,030,537; ballast \$582,557; additional main tracks \$449,584; shops, engine houses and turn tables \$432,218; block and other signal apparatus \$328,993; sidings and spur tracks \$326,957; water and fuel stations \$323,004; shop machinery and tools \$252,782; station buildings and fixtures \$272,511.—Ed.]

In the upbuilding of the property the management has constantly labored towards the minimizing of the cost of operation, not alone in the character of improvements in the property but in the organization and activities of the service as well.

And for the result the following facts are to be noted:

Gross revenue for the year ended June 30 1914 (including outside operations) was.....	\$14,348,738 59
As compared with that for the year ended June 30 1909 (the last of the receivership).....	\$10,803,849 53
The increase being \$3,544,889 01, or 32.82%.	
The net revenue for the year ended June 30 1914 (including outside operations) was.....	\$3,426,104 69
As compared with the last year of the receivership.....	1,660,148 11
The increase being \$1,765,956 58, or 106.37%.	

The percentage of increase in the net revenue is more than three times greater than that of the gross revenue. And while these increases are partly attributable to the increase in density of traffic,—24.43% in freight and 13.16% in passenger, they are largely, particularly in the case of Net Revenue, the result of improved devices and methods of economy.

Of economies resulting from the improved devices, those in handling and consumption of coal for locomotives are worthy of special mention, inasmuch as fuel for locomotives is the largest single item of the transportation expenses.

GENERAL REMARKS.

The year has been a trying one for this railroad in common with all others. With the general and protracted business depression throughout the country, from causes which are generally recognized and understood, and with the unfavorable attitude of Federal and state commissions towards increases or rates, normal improvement of gross revenue has been impossible. On the other hand, while transportation expenses were reduced below those of the preceding year, the necessity of bringing up the condition of the track and equipment, in anticipation of a probable increase of traffic with the resumption and improvement of general business in consequence of the large crops, required extra expenditures on those accounts. The combination of these circumstances has brought the close of the year with a net revenue substantially below that of the preceding year, and much below what had been hoped for and what could have been expected under normal conditions.

In the face of these circumstances the taxing bodies have increased the company's taxes nearly \$60,000, or more than 13% for the year.

A temporary contract in force from Sept. 1 1913 to June 30 1914, permitting the trains of the Minneapolis St. Paul Rochester & Dubuque Electric Traction Co. (an electric line otherwise known as the "Dan Patch Line"), to use the tracks of this company between Northfield and Fari-bault, Minn., yielded \$15,794 81.

From July 1 1914, the part of this company's line between Randolph and Mankato, Minn., 68.96 miles in extent, with the buildings and structures thereon (but ex-

clusive of equipment) has been leased to the Minneapolis St. Paul, Rochester & Dubuque Electric Traction Co., for a term of fifty years, at fixed rentals for the first ten years, to be increased thereafter in proportion to the gross earnings. The lessee is to maintain the line at its own expense and to pay all taxes and assessments accruing against the same during the term of the lease.

The taking up of the outstanding bonds of the Wisconsin Minnesota & Pacific R.R. Co. in exchange for the bonds and Preferred Stock of this company has effected a reduction of \$116,220 in the charges for interest on funded debt for the year.

The surplus for the year was \$895,930, or a little more than 2% on the amount of Preferred Stock outstanding at the close of the year. This carried to the Profit and Loss account, with the adjustments of sundry accounts, brought the amount of the surplus at June 30 1914 up to \$3,582,175, or about 8.1% of the amount of the Preferred Stock.

The average annual net income for the past five years has been \$2,275,107, which, capitalized at 6%, equals \$26,-862.61 per mile as the value of the road and its equipment. It seems hardly necessary in view of these figures to go to the expense of ascertaining the physical value of a property whose commercial value is so clearly below what it would cost to reproduce it. What is needed most is an increase in rates, both passenger and freight, until the return is sufficient to meet interest on the approximate cost of reproduction.

By reference to the Consolidated Balance Sheet Statement following it will be noted that the Voting Trustees turn over the property to the stockholders free from floating debt, equipment-trust and other short-term notes or obligations; and that there is no fixed obligation payable within the next thirty-five years.

By order of the Board of Directors,
SAMUEL M. FELTON, President.

CHICAGO GREAT WESTERN RAILROAD AND PROPRIETARY COMPANIES—CONSOLIDATED BALANCE SHEET STATEMENT JUNE 30 1914.

ASSETS.			
Property Investment			
Road and Equipment:			
Investment on Sept. 1 1909—Road.....	\$106,231.94	51	
Investment on Sept. 1 1909—Equipment.....	6,335,997.63		
Investment since Sept. 1 1909—Road.....	8,979,423.86		
Investment since Sept. 1 1909—Equipm't.....	5,745,451.58		
	\$127,292,814.58		
Less reserve for Accrued Depreciation.....	599,927.86	\$126,692,886.72	
Securities:			
Securities of Proprietary, Affiliated and Controlled Companies—Pledged.....	\$117,803.00		
Securities of Proprietary, Affiliated and Controlled Companies—Unpledged.....	225,189.90	342,992.90	
Other Investments:			
Physical Property.....	\$68,549.18		
Securities Pledged.....	302,701.00		
Securities Unpledged.....	222,100.00	593,350.18	
Working Assets			
Cash.....	\$2,577,355.11		
Marketable Securities.....	468,837.50		
Loans and Bills Receivable.....	2,058.99		
Car Service Balances Due from other Companies.....	5,268.47		
Net Balances Due from Agents and Conductors.....	260,465.26		
Miscellaneous Accounts Receivable.....	547,577.54		
Material and Supplies.....	1,009,175.13		
Other Working Assets.....	111,015.21		
Assets—Chicago Great Western Railway Receivership Period (Estimated).....	8,407.79		
Assets—Chicago Great Western Railway (Estimated).....	3,885.52	4,994,076.52	
Accrued Income Not Due.....			
Unmatured Interest.....		1,320.27	
Deferred Debit Items			
Advances.....	\$15,024.31		
Working Funds.....	8,480.61		
Insurance Paid in Advance.....	1,852.03		
Other Deferred Debit Items.....	889,984.93		
Unextinguished Discount on Funded Debt.....	610,221.89		
C. G. W. Preferred Stock to be delivered in exchange for W. M. & P. Bonds.....	27,500.00	1,553,063.77	
Total.....		\$134,177,690.36	
LIABILITIES.			
Capital Stock			
Chicago Great Western Railroad Company:			
Common Stock.....	\$45,246,913.00		
Preferred Stock.....	44,137,402.00	\$89,384,315.00	
Funded Debt			
Chicago Great Western Railroad Company:			
First Mortgage 50-Year 4% Gold Bonds.....	\$28,776,000.00		
Less Bonds held in Treasury.....	3,088,500.00	25,687,500.00	
Minneapolis Terminal 50 Year 3½% Gold Bonds.....		500,000.00	
Mason City & Fort Dodge Railroad Co.: First Mortgage 50-Year 4% Gold Bonds.....		12,000,000.00	
Wisconsin Minnesota & Pacific Railroad Co.: First Mortgage 50-Year 4% Gold Bonds.....	\$6,232,000.00		
Less Bonds owned by Chicago Great Western Railroad Company and Pledged with Trustee of its Mortgage.....	6,177,000.00	55,000.00	
Working Liabilities			
Traffic balances due other Companies.....	\$282,752.67		
Audited Vouchers and Wages Unpaid.....	1,125,721.13		
Miscellaneous Accounts Payable.....	79,734.50		
Matured Interest Unpaid.....	21,430.00		
Other Working Liabilities.....	189,527.18		
Liabilities—Chicago Great Western Railway Receivership Period (Estimated).....	2,413.86	1,701,579.34	
Accrued Liabilities Not Due.....			
Unmatured Interest and Rents Payable.....	\$467,516.92		
Taxes Accrued.....	184,715.13	652,232.05	
Deferred Credit Items			
Operating Reserves.....	\$466,569.14		
Other Deferred Credit Items.....	148,319.39	614,888.53	
Profit and Loss.....		3,582,175.44	
Total.....		\$134,177,690.36	

The Commercial Times.

COMMERCIAL EPITOME.

Friday Night, Oct. 23 1914.

Trade still feels the overshadowing and sinister influence of the great European war. Cotton at the South is steadily declining and trade there suffers. Collections are not prompt in any section, except, possibly, in parts of the West which are favored by high prices and an enormous demand for grain. The iron and steel trade is still depressed; sales of lumber, coal and many other commodities are greatly restricted. Business failures are numerous. There is much idleness among the working population. The great exchanges are still closed. The Cotton Exchange may re-open early in November, but there appears to be no prospect of a re-opening of the New York Stock Exchange for some time to come. Warm weather has recently hurt retail trade. Of course, however, there are some mitigating circumstances. Money rates show an easier tendency; foreign exchange has declined sharply, now that the end of the English moratorium is approaching, and commercial paper sells more readily. Also there is an increasing investment demand for the better sort of railroad bonds, for city bonds and short-time notes. War supplies are selling freely, such as blankets, drugs, hospital supplies, certain cotton fabrics, automobiles, auto-trucks and petroleum, besides horses and mules, not forgetting very large sales of wheat and oats to Europe. Still there is no disguising the fact that trade in the country at large is disorganized and the state of things as a rule is distinctly unsatisfactory.

LARD has again advanced: prime western 10.80c.; refined for the Continent, 11.40c.; South America, 11.70c. and Brazil, 12.70c. Lard futures have been more or less irregular and latterly somewhat easier owing to increased receipts of hogs and selling by packers. To-day lard advanced with hogs and grain higher.

DAILY CLOSING PRICES OF LARD FUTURES IN CHICAGO.

	Sat.	Mon.	Tues.	Wed.	Thurs.	Fri.
October delivery.....cts.	10.40	10.50	10.40	10.35	10.57	10.65
November delivery.....	10.30	10.27	10.27	10.22	10.45	10.52
January delivery.....	9.97	9.92	9.95	9.87	9.92	10.00

PORK steady; mess \$21 50@\$22; clear \$22@\$25; family \$24 50@\$26. Beef steady; mess \$23@\$24; packet \$24@\$25; family \$29@\$30; extra India mess \$40@\$45. Cut meats steady; pickled hams 10 to 20 lbs., 13½@14½c.; pickled bellies, 6 to 12 lbs., 14½@16¼c. Butter, creamery extras, 32c. Cheese, state whole milk, colored specials, 14¾@15c. Eggs, fresh gathered extras, 33@35c.

COFFEE has remained at 6¼c. for Rio No. 7, with very moderate sales, to say the least; No. 4 Santos 10½@10¼c. and fair to good Cucuta 9¼@10¼c. Coffee futures have latterly been stronger; December has sold at 5.85 to 5.95c. or some 45 points higher than a week ago; May has been 6.40c. to 6.50c., as contrasted with sales last week at 5.90c.; July has been 7.05c. bid. New buying for long account has been confined for the most part to July. Some business has been done in January at 5.85c.; March, 6.25 to 6.30c. Higher rates for exchange have tended to strengthen coffee futures. A rise of 1¼d. has occurred, owing, it appears, to financial arrangements in London looking to the funding of the maturing coupons on the Brazilian debt. Some, however, question whether this is a true explanation of the rise in Brazilian exchange on London of late to 15½d. as against 10½d. recently.

SUGAR has been lower; centrifugal 96 degrees test, 4.26c.; molasses, 89 degrees test, 3.61c. France and the United Kingdom were reported in the market for sugar, but failed to do much business. Refined lower; granulated 5.90c.

OILS—Linseed lower; city raw, American seed, 47c; boiled 48c.; Calcutta 70c. Coconut steady; Cochin 15@15½c., Ceylon 12½@13c. Olive \$1@\$1.10. Castor 8¼@8½c. Palm higher at 9@9½c. for Lagos. Cod, domestic steady at 33@35c. Cottonseed oil lower; winter 5c; summer white 5c. Corn lower at 5.35@5.40c. Spirits of turpentine 46c. Common to good strained rosin \$3 80.

PETROLEUM steady; the war demand is good; refined, in barrels, 8@9c.; bulk 4.50@5.50c., cases 10.50@11.50c. Naphtha, 73 to 76-degrees, in 100-gallon drums, 23½c. Gasoline, 89-degrees, 26c.; 74 to 76-degrees, 25c.; 67 to 70 degrees, 22c. Crude prices remained unchanged. Wichita Falls, Texas, advices state that while things are dull in the North Texas fields, quite a number of wells are being drilled.

Pennsylvania dark.....	\$1 45	Corning.....	85c.	Somerset, 32 deg.....	85c.
Second sand.....	1 45	Wooster.....	1 18	Ragland.....	65c.
Tiona.....	1 45	North Lima.....	96c.	Illinois, above 30.....	
Cabell.....	1 05	South Lima.....	91c.	degrees.....	92c.
Mercer black.....	1 02	Indiana.....	91c.	Kansas and Okla.....	
New Castle.....	1 02	Princeton.....	92c.	homa.....	55c.

TOBACCO has been quiet and steady. The fact that manufacturers buy only from hand to mouth, owing to reduced consumption of cigars, keeps trade within narrow limits. This is true of both American and foreign growths. It is also true that new crop tobacco has been bought to some extent by Western buyers, but the transactions are not large.

COPPER has been a trifle steadier, with Lake 11½c. and electrolytic 11.15c. on the spot. But trade has been quiet. In London standard spot copper has been quoted at £49 10s. and electrolytic spot £52, these prices showing an advance. Tin has risen to 31¾c., with an active business. The sinking in the Indian Ocean of a steamer carrying 850 tons by a German cruiser caused a rise in London to £126 10s., whereupon New York prices responded. Lead has remained

at 3½c., with little business. Spelter 5.10c., showing more strength, but trade continues quiet. Pig iron has been quiet, with No. 2 Eastern easier at \$13 10@ \$13 25; No. 2 Southern, Birmingham, \$10. Steel prices have been shaded with trade unsatisfactory. There is little initiative in the matter of new enterprises. Business in wire is fair and tin plate mills are pretty well employed, with prices at \$3 40 per box. Some mills have been reducing time. There is little business in such finished lines of steel as plates, shapes and merchant bars; prices, it is stated, are 1.15c. to 1.20c. Pittsburgh.

COTTON.

Friday Night, Oct. 23 1914.

THE MOVEMENT OF THE CROP, as indicated by our telegrams from the South to-night, is given below. For the week ending this evening the total receipts have reached 240,067 bales, against 199,397 bales last week and 162,032 bales the previous week, making the total receipts since Aug. 1 1914 1,042,088 bales, against 3,116,993 bales for the same period of 1913, showing a decrease since Aug. 1 1914 of 2,074,905 bales.

	Sat.	Mon.	Tues.	Wed.	Thurs.	Fri.	Total.
Galveston	13,417	20,230	31,815	25,997	15,335	15,185	121,979
Texas City	---	538	2,314	5,085	3,130	2,789	13,856
Port Arthur	---	---	---	---	---	---	---
Aransas Pass, &c.	---	---	---	---	---	---	---
New Orleans	2,403	4,421	7,803	3,080	3,977	4,868	26,582
Gulfport	---	---	---	---	---	---	---
Mobile	630	1,237	1,652	377	535	406	4,837
Pensacola	---	---	---	---	---	---	---
Jacksonville, &c.	---	---	---	---	---	---	---
Savannah	6,210	7,741	8,815	5,819	6,196	7,299	42,080
Brunswick	---	---	---	---	---	---	---
Charleston	1,348	1,780	1,897	1,032	345	1,263	7,665
Georgetown	---	---	---	---	---	---	---
Wilmington	828	723	918	680	1,584	1,228	5,961
Norfolk	1,238	2,998	1,364	1,173	1,416	1,556	9,745
N'port News, &c.	---	---	---	---	---	268	268
New York	---	---	---	---	---	---	---
Boston	---	250	---	---	108	6	364
Baltimore	---	---	---	---	---	2,218	2,218
Philadelphia	---	---	---	---	---	---	---

Totals this week. 26,074 39,918 56,578 43,243 32,626 41,628 240,067

The following shows week's total receipts, total since Aug. 1 1914 and stocks to-night, compared with last year:

Receipts to Oct. 23.	1914.		1913.		Stock.	
	This Week.	Since Aug 1 1914.	This Week.	Since Aug 1 1913.	1914.	1913.
Galveston	121,979	523,519	113,671	1,191,476	213,901	195,748
Texas City	13,856	35,059	17,575	101,699	7,225	14,734
Port Arthur	---	400	---	---	---	---
Aransas Pass, &c.	72	5,942	10,474	69,977	5,563	4,368
New Orleans	26,582	98,194	59,152	224,484	84,531	105,591
Gulfport	---	---	---	---	---	---
Mobile	4,837	27,416	24,762	118,273	23,056	45,142
Pensacola	---	141	12,552	26,761	---	---
Jacksonville, &c.	1,440	9,832	930	7,553	776	1,277
Savannah	42,080	196,061	133,263	755,136	95,759	215,275
Brunswick	3,000	7,008	13,500	122,442	3,000	23,840
Charleston	7,665	52,508	32,870	208,098	41,793	90,857
Georgetown	---	---	---	---	---	---
Wilmington	5,961	24,947	34,529	157,137	20,466	30,928
Norfolk	9,745	44,657	30,339	103,362	24,336	27,779
N'port News, &c.	268	8,801	328	5,537	---	---
New York	---	394	50	124	66,097	16,117
Boston	364	1,901	224	2,013	2,732	2,337
Baltimore	2,218	5,218	4,328	22,846	7,120	4,841
Philadelphia	---	90	75	75	4,613	3,852
Totals	240,067	1,042,088	488,622	3,116,993	600,968	782,686

In order that comparison may be made with other years, we give below the totals at leading ports for six seasons:

Receipts at—	1914.	1913.	1912.	1911.	1910.	1909.
Galveston	121,979	113,671	180,414	137,563	153,610	130,518
Texas City, &c.	13,928	28,049	27,167	39,504	13,281	1,563
New Orleans	26,582	59,152	72,229	52,165	50,573	71,844
Mobile	4,837	24,762	12,824	17,756	14,500	15,008
Savannah	42,080	133,263	99,292	121,416	74,527	101,035
Brunswick	3,000	13,500	20,500	21,540	5,495	17,390
Charleston, &c.	7,665	32,870	23,067	18,989	17,979	15,282
Wilmington	5,961	34,529	22,190	26,410	21,191	18,594
Norfolk	9,745	30,339	33,159	31,113	30,034	26,821
N'port N., &c.	268	328	2,078	---	727	298
All others	4,022	18,159	20,015	20,636	8,915	11,718
Total this wk.	240,067	488,622	512,935	487,092	390,831	420,071

Since Aug. 1. 1,042,088 3,116,993 3,066,967 3,300,749 2,691,813 2,911,513

The exports for the week ending this evening reach a total of 81,817 bales, of which 51,040 were to Great Britain, 454 to France and 30,323 to the rest of the Continent. Below are the exports for the week and since Sept. 1 1913.

Exports from—	Week ending Oct. 23 1914.				From Aug. 1 1914 to Oct. 23 1914.			
	Great Britain.	France.	Continent.	Total.	Great Britain.	France.	Continent.	Total.
Galveston	17,769	---	10,017	27,786	108,449	3,405	103,813	215,667
Texas City	14,956	---	1,911	16,867	24,490	---	5,394	29,884
Port Arthur	---	---	---	---	---	---	400	400
New Orleans	13,577	454	8,890	22,921	22,936	454	19,693	43,083
Pensacola	---	---	---	---	320	---	---	320
Savannah	---	---	---	---	6,852	---	16,381	23,233
Brunswick	---	---	---	---	2,650	---	---	2,650
Charleston	---	---	2,200	2,200	2,250	---	2,200	4,450
Wilmington	---	---	---	---	---	---	2,600	2,600
Norfolk	300	---	---	300	4,900	---	---	4,900
New York	4,438	---	2,995	7,433	16,904	405	17,948	35,257
Boston	---	---	88	88	80	---	465	465
Baltimore	---	---	---	---	---	---	100	100
Philadel'a.	---	---	375	375	4,430	---	1,200	5,630
San Fran.	---	---	---	---	---	---	10,432	10,432
Pt. Towns'd	---	---	3,847	3,847	---	---	16,029	16,029
Total	51,040	454	30,323	81,817	104,201	4,264	196,655	395,180

Total 1913. 64,145 76,984 178,079 319,208 764,059 316,435 1,009,638 2,090,132

Note.—New York exports since Aug. 1 include 1,287 bales Peruvian and 25 bales West Indian to Liverpool, 50 bales Egyptian to Mexico.

In addition to above exports, our telegrams to-night also give us the following amounts of cotton on shipboard not cleared, at the ports named. We add similar figures for New York.

Oct. 23 at—	On Shipboard, Not Cleared for—					Leaving Stock.
	Great Britain.	France.	Germany.	Other Foreign.	Coastwise.	
New Orleans	406	100	3,233	4,233	393	8,370
Galveston	18,159	7,901	---	55,196	2,886	84,142
Savannah	---	---	---	3,083	700	3,783
Charleston	---	---	---	---	---	41,793
Mobile	435	---	338	---	800	1,573
Norfolk	---	---	---	---	12,787	12,787
New York	500	---	---	1,000	---	1,500
Other ports	4,000	---	---	3,000	---	7,000
Total 1914	23,500	8,001	3,571	66,512	17,571	119,155
Total 1913	98,385	40,144	73,390	24,055	11,706	247,650
Total 1912	104,739	64,165	90,509	52,932	26,503	338,848

Speculation in cotton for future delivery has remained in abeyance, as the Exchange has still been closed. Some unofficial trading has been done in December, it is stated, at 7.15 to 7.25c. Efforts continue to be made looking to the liquidation of outstanding long holdings here by the means of a syndicate with a view of reopening the Exchange. The details of the plan have been explained in these columns. It may be recalled, however, that it calls for a tax of \$2 50 on contracts of 100 bales until the sum of \$7 50 a bale is accumulated to be used as a fund for repaying any loan made to the New York Cotton Exchange syndicate by the banks. The committee having the matter in charge has been interrogating members of the Exchange of late as to how much cotton they are willing to be responsible for at 7½c., and how large a note for three years' time they were willing to give the banks as a guarantee, in addition to the tax on the trading above mentioned, that any bank loan will be repaid. It is stated that most members of the Exchange have acquiesced in the plan and have made satisfactory answers as to just what they would personally do in carrying it out. One rumor which may be given for what it is worth is that some \$1,200,000 has been pledged in notes for three years time and that only \$300,000 more is needed. The tone at the Exchange is hopeful of an early resumption of business there. There is quite a large daily attendance and everybody seems to be anxious for a reopening of the Exchange if it can be done without hurting anybody. The syndicate plan if carried out will obviate that. The new rules in conformity with the Lever Act and also the new commissions have been adopted by a practically unanimous vote of the Exchange. That of itself is considered a long stride towards the reopening of the Board. The clearing house plan has not yet been perfected but progress has been reported by the committee and it is understood that, an expert is at work arranging the final details after which it will be submitted to the Board of Managers and presumably to a ballot of the members of the Exchange. Meantime receipts at the ports and interior sources are increasing and prices at spot markets have recently been gradually receding. Sales in Texas have been reported as as low as 5½ to 6c. Prices in that State vary considerably however, 6½c. and even more than that is quoted in some sections. In the eastern belt about 6¼c. has latterly been quoted but business has been for the most part small. The trouble is that the cotton trade of the country is trying to steer without a compass; that is without the aid of the cotton exchanges, which fix prices and enable the farmer, the dealer, the exporter and the spinner to hedge on their transactions. Moreover the banker is in the dark. He does not know with the Exchanges closed, exactly what the value of cotton is. Therefore he is anything but anxious to make loans on it. Judging from appearances, the final touches are being put on the plan for a bank loan pool of \$150,000,000 for lending money on cotton at the South. Also Sir George Paish and Basil B. Blackett, representing the British Government, have been conferring at Washington with President Wilson, Secretary McAdoo, members of the Federal Reserve Board and representatives of the country's leading banking interests, in regard to a plan by which England will take a part of the South's unsalable cotton of the present crop, accepting it as part payment of maturing American indebtedness in London. It is estimated that at least 1,500,000 bales, involving some \$50,000,000, might be taken in this way. That would be important, as the exports of American cotton thus far this season are very far behind those for a similar period last year, and 1,500,000 bales would nearly make up the deficit. The cotton bank loan pool, it is supposed, would take care of 5,000,000 bales on the basis of \$30 a bale. Assuredly, that would be a big lift. At times of late the mere mention of such a plan has been enough to cause at least temporary steadiness in some of the spot markets. It is said that Germany, whose mills appear to be running on nearly full time, is trying to buy American cotton and have it shipped to Norway, &c., taking the risk of getting it into Germany somehow, possibly through Holland. It is also said that the British Government has requested British underwriters to refuse insurance on consignments of cotton intended for Germany or Austria via neutral ports. This action is said to be aimed at consignments to Sweden, Norway, Holland and Italy. To-day spot markets at the South were in some cases ½c. lower. December here was

7.05c. bid and 7.10c. asked. Persistent rumors were in circulation to the effect that the syndicate plan is a success and that the New York Exchange will reopen early in November. It is said that Great Britain will not issue war risks on neutral vessels except when bound for England.

The rates on and off middling, as established Sept. 9 1914 by the Revision Committee, at which grades other than middling may be delivered on contract, are as follows:

Fair.....c. 0.70 on	Middling.....c. Basis	Good mid. tinged..c. Even
Strict mid fair.....0.63 on	Strict low middling..0.50 off	Strict mid. tinged..0.20 off
Middling fair.....0.56 on	Low middling.....1.25 off	Middling tinged.....0.40 off
Strict good mid.....0.42 on	Strict good ord.....2.00 off	Strict low mid. ting..1.25 off
Good middling.....0.28 on	Good ordinary.....3.00 off	Low mid. tinged.....3.00 off
Strict middling.....0.14 on	Strict g'd mid. ting..0.14 on	Middling stained.....1.25 off

The official quotation for middling upland cotton in the New York market each day for the past week has been:

Oct. 17 to Oct. 23—	Sat.	Mon.	Tues.	Wed.	Thurs.	Fri.
Middling uplands.....						

NEW YORK QUOTATION FOR 32 YEARS.

1914.....	*11.00	1906.....	11.15	1898.....	5.50	1890.....	10.25
1913.....	14.50	1905.....	10.50	1897.....	6.12	1889.....	10.50
1912.....	10.95	1904.....	9.95	1896.....	8.00	1888.....	9.75
1911.....	9.45	1903.....	10.10	1895.....	8.62	1887.....	9.62
1910.....	14.45	1902.....	8.70	1894.....	5.94	1886.....	9.25
1909.....	14.20	1901.....	8.38	1893.....	8.38	1885.....	9.81
1908.....	9.40	1900.....	9.44	1892.....	8.38	1884.....	9.88
1907.....	11.30	1899.....	7.31	1891.....	8.44	1883.....	10.56

* Aug. 17.

MARKET AND SALES AT NEW YORK.

Transactions in cotton in the New York market the past week have included 100 bales spots on Wednesday.

FUTURES.—The highest, lowest and closing prices at New York for the past week have been as follows:

THE VISIBLE SUPPLY OF COTTON to-night, as made up by cable and telegraph, is as follows. Foreign stocks, as well as the afloat, are this week's returns, and consequently all foreign figures are brought down to Thursday evening. But to make the total the complete figures for to-night (Friday), we add the item of exports from the United States, including in it the exports of Friday only.

October 23—	1914.	1913.	1912.	1911.
Stock at Liverpool.....bales.	760,000	506,000	608,000	399,000
Stock at London.....	21,000	5,000	10,000	5,000
Stock at Manchester.....	52,000	45,000	25,000	20,000

Total Great Britain stock.....	833,000	556,000	643,000	424,000
Stock at Hamburg.....	*29,000	17,000	8,000	12,000
Stock at Bremen.....	*155,000	119,000	191,000	109,000
Stock at Havre.....	210,000	92,000	136,000	86,000
Stock at Marseilles.....	3,000	2,000	2,000	2,000
Stock at Barcelona.....	27,000	9,000	12,000	11,000
Stock at Genoa.....	27,000	24,000	3,000	17,000
Stock at Trieste.....	*20,000	10,000	5,000	4,000

Total Continental stocks.....	471,000	273,000	357,000	241,000
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Total European stocks.....	1,304,000	829,000	1,000,000	665,000
India cotton afloat for Europe.....	85,000	109,000	39,000	18,000
Amer. cotton afloat for Europe.....	209,126	993,900	886,487	960,758
Egypt, Brazil, &c., afloat for Europe.....	19,000	67,000	65,000	40,000
Stock in Alexandria, Egypt.....	*105,000	221,000	177,000	91,000
Stock in Bombay, India.....	502,000	407,000	289,000	238,000
Stock in U. S. ports.....	600,968	782,686	1,022,168	767,552
Stock in U. S. interior towns.....	696,772	522,301	485,258	583,506
U. S. exports to-day.....	24,268	41,909	93,005	53,800

Total visible supply.....	3,546,134	3,973,796	4,056,918	3,417,616
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Of the above, totals of American and other descriptions are as follows:

American—				
Liverpool stock.....bales.	464,000	327,000	468,000	297,000
Manchester stock.....	33,000	21,000	16,000	13,000
Continental stock.....	*360,000	222,000	331,000	205,000
American afloat for Europe.....	209,126	993,900	886,487	960,758
U. S. port stocks.....	600,968	782,686	1,022,168	767,552
U. S. interior stocks.....	696,772	522,301	485,258	583,506
U. S. exports to-day.....	24,268	41,909	93,005	53,800

Total American.....	2,388,134	2,910,796	3,301,918	2,880,616
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East India, Brazil, &c.—

Liverpool stock.....	296,000	179,000	140,000	102,000
London stock.....	21,000	5,000	10,000	5,000
Manchester stock.....	19,000	24,000	9,000	7,000
Continental stock.....	*111,000	51,000	26,000	36,000
India afloat for Europe.....	85,000	109,000	39,000	18,000
Egypt, Brazil, &c., afloat.....	19,000	67,000	65,000	40,000
Stock in Alexandria, Egypt.....	*105,000	221,000	177,000	91,000
Stock in Bombay, India.....	502,000	407,000	289,000	238,000

Total East India, &c.....	1,158,000	1,063,000	755,000	537,000
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Total American.....	2,388,134	2,910,796	3,301,918	2,880,616
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Total visible supply.....	3,546,134	3,973,796	4,056,918	3,417,616
Middling Upland, Liverpool.....	5.05d.	7.74d.	6.16d.	5.70d.
Middling Upland, New York.....	11.00c.	14.50c.	11.25c.	9.50c.
Egypt, Good Brown, Liverpool.....	7.80d.	10.80d.	10.00d.	10.10d.
Peruvian, Rough Good, Liverpool.....	8.75d.	9.25d.	10.00d.	9.75d.
Broach, Fine, Liverpool.....	4.50d.	7 1-16d.	6 1-16d.	5 1-16d.
Tinnevely, Good, Liverpool.....	4.65d.	7 1-16d.	6.00d.	5 5-16d.

* Estimated. a August 17.

Continental imports for past week have been 24,000 bales.

The above figures for 1914 show an increase over last week of 228,542 bales, a loss of 427,662 bales from 1913, a decrease of 510,784 bales over 1912 and a gain of 128,518 bales over 1911.

QUOTATIONS FOR MIDDLING COTTON AT OTHER MARKETS.—Below are the closing quotations of middling cotton at Southern and other principal cotton markets for each day of the week.

Week ending Oct. 23.	Closing Quotations for Middling Cotton on—					
	Saturday.	Monday.	Tuesday.	Wed. day.	Thurs. day.	Friday.
Galveston.....	6 1/2	6 13-16	6 1/2	6 11-16	6 1/2	6 1/2
New Orleans.....	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Mobile.....	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Savannah.....	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Charleston.....	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Wilmington.....	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Norfolk.....	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Augusta.....	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Memphis.....	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
St. Louis.....	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Houston.....	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Little Rock.....	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2

AT THE INTERIOR TOWNS the movement—that is, the receipts for the week and since Aug. 1, the shipments for the week and the stocks to-night, and the same items for the corresponding period of the previous year—is set out in detail below.

Towns.	Movement to October 23 1914.				Movement to October 24 1913.			
	Receipts.		Shipments.	Stocks Oct. 23.	Receipts.		Shipments.	Stocks Oct. 24.
	Week.	Season.			Week.	Season.		
Ala., Eufaula.....	1,267	10,279	247	7,380	1,772	12,701	1,632	2,519
Montgomery.....	10,750	75,741	3,481	58,737	11,821	83,607	9,494	24,322
Selma.....	7,527	48,696	3,246	35,496	9,014	63,257	7,823	11,237
Ark., Helena.....	3,667	14,787	779	12,613	4,749	15,795	1,873	11,806
Little Rock.....	9,474	31,283	4,347	22,235	9,499	38,282	3,558	27,551
Ga., Albany.....	1,492	18,899	—	15,761	2,100	19,264	1,700	2,538
Athens.....	4,524	21,567	1,050	16,367	14,433	37,858	7,718	15,711
Atlanta.....	7,274	22,760	6,913	7,934	22,488	83,863	17,558	21,077
Augusta.....	27,674	134,618	10,405	94,508	25,893	148,758	18,885	41,408
Columbus.....	4,445	25,506	1,295	18,546	2,370	20,035	2,135	8,426
Macon.....	3,638	17,581	470	15,579	3,812	21,435	3,510	2,104
Rome.....	2,857	11,430	1,949	3,771	5,375	24,001	4,975	5,459
La., Shreveport.....	9,652	43,780	1,727	41,742	10,199	50,436	9,059	20,141
Miss., Columbus.....	1,260	4,883	515	3,413	2,288	13,687	2,012	5,880
Greenville.....	4,823	23,196	1,902	18,385	4,228	19,344	2,045	12,975
Greenwood.....	10,561	30,844	7,552	22,440	7,000	27,905	4,000	15,000
Meridian.....	865	4,640	572	4,746	2,200	8,113	1,800	4,566
Natchez.....	1,600	7,920	700	6,900	1,800	6,209	1,400	1,800
Vicksburg.....	1,853	6,444	440	5,444	1,066	5,340	857	3,625
Yazoo City.....	2,469	11,503	—	11,080	2,000	9,670	1,400	8,049
Mo., St. Louis.....	16,862	37,240	14,155	17,194	16,487	50,324	13,838	8,341
N. C., Raleigh.....	232	717	175	152	740	5,499	825	220
O., Cincinnati.....	8,206	18,630	9,080	3,207	2,040	10,094	5,306	12,312
Okla., Hugo.....	502	1,961	425	1,096	3,181	13,706	2,023	3,920
S. C., Greenville.....	1,364	3,886	284	3,418	767	4,593	719	493
Tenn., Memphis.....	54,771	176,391	21,214	128,688	52,869	183,092	32,229	93,186
Nashville.....	—	532	—	482	907	3,852	1,006	1,630
Tex., Brenham.....	434	7,496	196	5,672	890	18,848	710	1,359
Clarksburg.....	2,206	10,959	2,099	4,732	3,911	18,633	2,685	5,984
Dallas.....	5,468	26,120	4,844	5,290	4,327	24,256	3,029	8,136
Honey Grove.....	1,387	8,931	877	4,595	3,659	9,520	1,973	3,651
Houston.....	112,258	540,099	100,775	94,791	112,666	1,130,693	97,989	129,706
Paris.....	3,497	19,975	4,026	4,378	6,238	33,079	5,194	7,169
Total, 33 towns.....	324,859	1,419,294	205,740	696,772	352,789	2,230,849	270,960	522,301

The above totals show that the interior stocks have increased during the week 119,119 bales and are to-night 174,471 bales more than at the same time last year. The receipts at all towns have been 27,930 bales less than the same week last year.

OVERLAND MOVEMENT FOR THE WEEK AND SINCE AUG. 1.—We give below a statement showing the overland movement for the week and since Aug. 1, as made up from telegraphic reports Friday night. The results for the week and since Aug. 1 in the last two years are as follows:

Oct. 23.	1914		1913	
	Week.	Since Aug. 1.	Week.	Since Aug. 1.
Shipped—				
Via St. Louis.....	14,155	45,171	13,838	54,028
Via Cairo.....	10,635	23,529	14,266	50,233
Via Rock Island.....	300	603	109	722
Via Louisville.....	3,946	11,353	3,518	16,608
Via Cincinnati.....	1,229	3,429	875	7,437
Via Virginia points.....	2,987	10,765	6,118	30,695
Via other routes, &c.....	13,942	45,411	14,273	51,770
Total gross overland.....	47,194	140,261	52,967	211,493
Deduct shipments—				
Overland to N. Y., Boston, &c.....	2,582	7,603	4,677	25,058
Between interior towns.....	286	10,135	1,149	8,239
Inland, &c., from South.....	3,526	40,458	696	23,641
Total to be deducted.....	6,394	58,196	6,522	56,938
Leaving total net overland.....	40,800	82,065	46,475	154,555

* Including movement by rail to Canada.

The foregoing shows the week's net overland movement this year has been 40,800 bales, against 46,475 bales for the week last year, and that for the season to date the aggregate net overland exhibits a decrease from a year ago of 72,490 bales.

In Sight and Spinners' Takings.	1914		1913	
	Week.	Since Aug. 1.	Week.	Since Aug. 1.
Receipts at ports to Oct. 23-----	240,067	1,042,088	488,622	3,116,593
Net overland to Oct. 23-----	40,800	82,065	46,475	154,555
Southern consumption to Oct. 23-----	60,000	690,000	60,000	726,000
Total marketed-----	340,867	1,814,153	595,097	3,997,548
Interior stocks in excess-----	119,119	576,633	81,829	378,843
Came in sight during week-----	459,986	-----	-----	-----
Total in sight Oct. 23-----	-----	2,390,786	676,926	4,376,391

Henrietta, Tex.—There has been rain on one day of the past week, the rainfall reaching twenty-two hundredths of an inch. The thermometer has averaged 66, ranging from 40 to 92.

Huntsville, Tex.—There has been rain on one day during the week, the rainfall being twelve hundredths of an inch. The thermometer has ranged from 46 to 82, averaging 64.

Lampasas, Tex.—Rainfall for the week one inch and fourteen hundredths, on three days. The thermometer has averaged 64, the highest being 90 and the lowest 38.

Longview, Tex.—There has been rain on two days of the past week to the extent of thirty-two hundredths of an inch. The thermometer has averaged 64, ranging from 44 to 84.

Luling, Tex.—We have had rain on four days during the week, the precipitation being one inch. The thermometer has ranged from 48 to 86, averaging 67.

Macgdoches, Tex.—Rain has fallen on one day during the week, the rainfall reaching ten hundredths of an inch. Average thermometer 63, highest 84 and lowest 42.

Weatherford, Tex.—Rainfall for the week six hundredths of an inch, on one day. The thermometer has averaged 65, the highest being 84 and the lowest 46.

Ardmore, Okla.—Rain has fallen on one day the past week, the rainfall reaching two hundredths of an inch. The thermometer has averaged 72, ranging from 52 to 91.

Marlow, Okla.—We have had rain on two days during the week, the precipitation being two inches and fifty hundredths. The thermometer has ranged from 40 to 89, averaging 65.

New Orleans, La.—Dry all the week. Average thermometer 68, highest 80 and lowest 56.

Palestine, Tex.—We have had rain on two days of the week, the rainfall being thirty-four hundredths of an inch. The thermometer has averaged 67, the highest being 86 and the lowest 48.

Paris, Tex.—There has been rain on one day of the week, to the extent of forty hundredths of an inch. The thermometer has averaged 66, ranging from 42 to 90.

San Antonio, Tex.—We have had rain on three days during the week, the precipitation being sixty-five hundredths of an inch. The thermometer has ranged from 54 to 84, averaging 69.

Taylor, Tex.—Rain on two days of the week to the extent of one inch and ten hundredths. Minimum thermometer 48.

Shreveport, La.—Rainfall for the week twelve hundredths of an inch, on one day. The thermometer has averaged 67, the highest being 84 and the lowest 50.

Little Rock, Ark.—There has been rain on two days of the past week, the rainfall reaching twenty hundredths of an inch. The thermometer has averaged 62, ranging from 44 to 79.

Columbus, Miss.—Rain has fallen on four days during the week, the rainfall reaching thirty-five hundredths of an inch. The thermometer has ranged from 47 to 85, averaging 66.

Vicksburg, Miss.—Rain has fallen on one day of the past week, the rainfall reaching five hundredths of an inch. Minimum thermometer 48, highest 83, average 67.

Mobile, Ala.—There has been no rain during the week. The thermometer has averaged 69, the highest being 82 and the lowest 53.

Selma, Ala.—There has been a trace of rain on two days of the past week. The thermometer has averaged 62, ranging from 45 to 78.

Madison, Fla.—It has rained on one day of the week, the precipitation reaching one hundredth of an inch. The thermometer has ranged from 53 to 80, averaging 68.

Albany, Ga.—Dry all the week. Average thermometer 66, highest 82, lowest 49.

Savannah, Ga.—No rain the past week. The thermometer has averaged 68, the highest being 77 and the lowest 57.

Charleston, S. C.—Rain on one day of the week to the extent of thirty-one hundredths of an inch. The thermometer has averaged 67, ranging from 58 to 77.

Greenville, S. C.—Rain has fallen on one day during the week, the rainfall reaching fifteen hundredths of an inch. The thermometer has ranged from 42 to 80, mean 61.

Charlotte, N. C.—Rain on one day of the week, with rainfall of four hundredths of an inch. Average thermometer 60, highest 73, lowest 48.

Weldon, N. C.—We have had rain on two days during the week, to the extent of eight hundredths of an inch. The thermometer has averaged 60, ranging from 40 to 78.

Memphis, Tenn.—We have had rain on three days during the week, the rainfall being ninety-one hundredths of an inch. The thermometer has ranged from 54 to 79, averaging 67.

ANNUAL COTTON HANDBOOK FOR DAILY CABLE RECORDS OF AMERICAN, EAST INDIAN, EGYPTIAN AND BRAZILIAN COTTON STATISTICS, &C.—We are indebted to Comtelburo, Limited, of London, Liverpool and New York, for a copy of its 44th Annual Cotton Handbook. This year all the old features are retained, and in addition there are given "Chinese Weekly Export Returns," "Barcelona Weekly Statistics," "Spot Price Fluctuations" at Liverpool, New Orleans and New York, and "Indian Government Preliminary Estimates of Acreage," &c., in tabulated form. The publication, being of a very comprehensive character, is a decidedly valuable book of reference. It contains, of course, the usual very full statistics of the American, East Indian, Egyptian, Russian and Brazilian crops, the pages being so arranged that the daily and weekly figures for this year as received can be inserted side by side with those for the previous year. It will be found on sale at the office of Comtelburo, Limited, 16 Beaver St., New York.

WORLD'S SUPPLY AND TAKINGS OF COTTON.—The following brief but comprehensive statement indicates at a glance the world's supply of cotton for the week and since Aug. 1 for the last two seasons, from all sources from which statistics are obtainable; also the takings, or amounts gone out of sight, for the like period.

Cotton Takings. Week and Season.	1914.		1913.	
	Week.	Season.	Week.	Season.
Visible supply Oct. 16-----	3,317,592	3,176,816	3,564,719	2,581,551
Visible supply Aug. 1-----		2,390,786	676,926	4,376,391
American in sight to Oct. 23--	459,986	125,000	30,000	180,000
Bombay receipts to Oct. 22--	610,000	181,000	3,000	75,000
Other India shipm'ts to Oct. 22--	63,000	113,000	65,000	278,600
Alexandria receipts to Oct. 21--	615,000	32,000	4,000	76,000
Other supply to Oct. 21 *-----	1,000			
Total supply-----	3,806,578	6,018,602	4,343,645	7,567,542
Deduct-----				
Visible supply Oct. 23-----	3,546,134	3,546,134	3,973,796	3,973,796
Total takings to Oct. 23--a-----	260,444	2,472,468	369,849	3,593,746
Of which American-----	215,044	1,682,468	319,849	2,799,146
Of which other-----	45,000	790,000	50,000	794,600

* Embraces receipts in Europe from Brazil, Smyrna, West Indies, &c.
a This total embraces since Sept. 1 the total estimated consumption by Southern mills, 690,000 bales in 1914 and 726,000 bales in 1913—takings not being available—and the aggregate amounts taken by Northern and foreign spinners, 1,782,468 bales in 1914 and 2,867,746 bales in 1913, of which 992,468 bales and 2,073,146 bales American.
b Estimated.

NEW YORK COTTON EXCHANGE.—*Amendments to By-Laws Adopted.*—The members of the New York Cotton Exchange by a vote of 168 to 2 approved on Tuesday the amendments to the by-laws of the Exchange made necessary by the passage of the Smith-Lever law. Furthermore, by a vote of 165 to 5, the members adopted the amendment raising the rate of broker's commission for the round turn of buying and selling from \$15 to \$20. Although the Lever law will not go into effect until Feb. 18, it is expected that trading will be begun under the new contract with the reopening of the Exchange.

—Mr. William Tattersall, a well-known cotton trade expert, died suddenly at his residence in Cheshire, England on Thursday. He took much interest in cotton statistics, and contributed many articles on the Lancashire staple industry to various English journals besides publishing a monthly cotton trade circular. His opinion on cotton trade matters was often sought.

BOMBAY'S COTTON PLAN.—The following, received by the Manchester (Eng.) "Guardian," indicates that measures for dealing with cotton are being considered in India:

A meeting thoroughly representative of all branches of the cotton trade and of financial interests in Bombay was held Oct. 9 at the instance of the Chamber of Commerce to consider measures for dealing with the forthcoming cotton crop. The Chairman said that the value of the stocks of imported piece goods now in Bombay was £4,000,000 and the stocks of Indian-made cloths was great. There remain 500,000 bales of the last cotton crop. The new crop promises to be very large. Last season's crop was valued at £40,000,000, and the new crop will be equally large, but the return to the grower will be many millions less. The next crop will certainly be much less. He proposed that the Government be asked to accept the custody of cotton and issue against it warrants on which holders could obtain loans and advances, and which should be an attractive form of temporary investment. A resolution was passed in favor of co-operation on these lines, and a special committee was appointed to negotiate with the Government.

EXPORTS OF COTTON GOODS FROM GREAT BRITAIN.—Below we give the exports of cotton yarn, goods, &c., from Great Britain for the month of September and since Aug. 1 in 1914 and 1913, as compiled by us from the British Board of Trade returns. It will be noticed that we have reduced the movement all to pounds:

000s omitted.	Yarn & Thread.		Cloth.				Total of All.	
	1914.	1913.	1914.	1913.	1914.	1913.	1914.	1913.
August--	Lbs. 9,064	Lbs. 17,639	Yds. 313,075	Yds. 579,546	Lbs. 58,519	Lbs. 108,326	Lbs. 67,583	Lbs. 125,965
Sept'ber--	10,942	17,108	374,358	548,973	69,973	102,612	80,915	119,720
Stockings and socks-----							184	201
Sundry articles-----							5,039	6,939
Total exports of cotton manufactures-----							153,721	252,825

The foregoing shows that there have been exported from the United Kingdom during the two months 153,721,000 pounds of manufactured cotton, against 252,825,000 pounds last year, or a decrease of 99,104,000 pounds.

DOMESTIC EXPORTS OF COTTON MANUFACTURES.—We give below a statement showing the exports of domestic cotton manufactures for August and for the eight months ended August 31 1914, and, for purposes of comparison, like figures for the corresponding periods of the previous year are also presented:

Manufactures of Cotton Exported.	Month ending Aug. 31.		8 Mos. ending Aug. 31.	
	1914.	1913.	1914.	1913.
Piece goods-----yards	12,686,038	33,566,927	225,306,964	308,720,569
Piece goods-----value	\$919,158	\$2,311,634	\$15,869,355	\$21,332,655
Clothing, &c.—Knit goods-----value	154,155	294,033	1,548,798	1,838,116
Clothing, &c.—All other-----value	609,321	698,025	5,778,395	5,957,827
Waste cotton-----value	133,691	408,731	2,411,811	3,451,276
Yarn-----value	71,685	52,347	509,562	500,739
All other-----value	381,057	501,627	4,310,484	4,079,456
Total manufactures of-----value	2,269,067	\$4,266,397	\$30,428,405	\$37,160,069

EGYPTIAN COTTON CROP.—The Alexandria General Produce Association issued the following report on the condition of the Egyptian cotton crop during the month of August:

Lower Egypt.—The temperature in the month of August has been favorable to the crop. The plants have progressed normally and are in a satisfactory condition. Boll worm has appeared to a small extent in all districts and has caused some damage. Slight fogs have been reported from all districts, but the amount of damage done is insignificant. Water has been sufficient and fields have been given the normal amount. The first picking should begin to be general the first fortnight of September; that is to say, as early as last year, except in certain districts where the crop is eight to fifteen days late. It is very probable that the present abnormal situation will retard picking. Prospects of the crop are slightly better than they were at the same time last year. **Upper Egypt.**—The temperature has been favorable. Boll worm has been reported in certain provinces without causing any appreciable damage. During the first fortnight of the month the humidity was rather excessive, but there were no fogs. Water has been sufficient. The first picking should commence during the first days of September. The condition of the plants is satisfactory.

Reports from Cairo indicate that the Egyptian Government has issued regulations for smaller planting of cotton for the next season. The advices say:

A decree was promulgated Sept. 22 prohibiting cotton cultivation in the basin lands of Upper Egypt and forbidding cultivators to cultivate more than a quarter, and in certain special cases a third of their holding for cotton and limiting the total cotton area of Egypt for 1915 to 1,000,000 acres. The cotton area at present is 1,750,000 acres, and the difference will be sown with cereals, whereof Egypt annually imports a large amount. The measure is dictated by the anticipated shrinkages in the world's demand for cotton and the world's production of cereals. Thus, while the quantity of Egyptian cotton available will be brought into proper relation to the restricted demand causing the maintenance of a reasonable price, Egypt will meet more of her own cereal requirements, avoiding high import prices and possibly will be able to benefit from the world's shortage by exporting profitably. The measure is much approved, and is expected to facilitate negotiations for the financing of the present cotton crop.

EAST INDIA COTTON CROP.—The following report on the cotton crop was recently issued by the East Indian Government:

United Provinces of Agra and Oudh.—In canal-irrigated tracts sowings of cotton began unusually early in May, with the help of irrigation, and the area thus sown up to the end of June 1914 was 27% above that of 1913, being 363,658 acres, compared with 286,748 acres in the previous year. In unirrigated areas sowings generally commenced rather late during July, when general rain was received. Germination has been good and weeding is being carried on, though retarded by excessive rainfall. Owing to late sowings the information is incomplete, but on such data as are available an increase of 8% over last year's crop, making a total of 1,699,000 acres, may be estimated.

The Madras Presidency.—The southwest monsoon was very late, and this fact is reflected in the sowings of cotton. The figures in every case are less than last year at the same time. Most of this early-sown crop is to be found in the "Northern" and "Western" districts, and there sowings have been delayed to an exceptional extent. Sowings are now in progress in parts of Bellary and Kurnool. The total area reported as sown with cotton is 61,300 acres, as against 133,600 acres at the corresponding period of last year.

Assam.—The area under cotton this year is estimated at 32,300 acres, against 33,300 acres estimated last year, the decrease being mainly due to want of timely rain. The present prospects of the crop are fair.

Bengal, 1914-15.—The area sown with early cotton is reported to be 89,460 acres, against the estimate of 84,873 acres last year (now revised) and against the unrevised estimate of 39,098 acres reported at the corresponding date of last year. Of the late crop only 500 acres have been sown up to date, against the same estimate reported at the corresponding date last year.

The Punjab.—Climatic conditions were very favorable for irrigated sowings and normal for unirrigated sowings, except in the Southeast, where, however, unirrigated cotton is of most importance. According to the district returns, the area under cotton in British districts amounts to 1,690,200 acres, or only 3% less than the estimate of 1,750,000 acres framed by this department at the corresponding period of last year. As last year's area was a record one, and the harvest price of that year's crop was lower than in 1912, some decrease was to be expected. Owing to favorable rainfall, extensions of perennial canal irrigation and an unusually good flow of water in inundation canals, the irrigated area has increased by 17%, while the unirrigated area has fallen off by 20%, due chiefly to the unfavorable conditions in the Southeast dry area.

Native States.—The area in Native States is estimated at 140,700 acres, as compared with 167,600 acres at the corresponding period of last year, due to decreases of 20 and 30% respectively, in Patiala and Jind, where the crop is of most importance.

MANCHESTER MARKET.—Our report received by cable to-night from Manchester states that the market is steadier for both yarns and shirtings, the reduced output being a strengthening influence.

SHIPPING NEWS.—As shown on a previous page, the exports of cotton from the United States the past week have reached 81,817 bales. The shipments in detail, as made up from mail and telegraphic returns, are as follows:

	Total bales.
NEW YORK—To Liverpool—Oct. 19—Nestorian, 700—Oct. 21—Baltic, 3,238—	3,938
To Manchester—Oct. 19—Nestorian, 500—	500
To Copenhagen—Oct. 20—Triton, 1,000—Oct. 22—Hellig Olav, 1,000—	2,000
To Genoa—Oct. 16—Duca di Genova, 450—	450
To Naples—Oct. 20—San Guglielmo, 200—	200
To Cape Town—Oct. 17—Hylas, 345—	345
GALVESTON—To Liverpool—Oct. 20—Harley, 2,625; Nicolsian, 15,144—	17,769
To Gothenburg—Oct. 16—Alabama, 1,830—Oct. 19—Elsa, 5,100—Oct. 22—Fagerton, 1,545—	8,475
To Christiania—Oct. 19—Elsa, 700—	700
To Mexico—Oct. 20—Atlantis, 842—	842
TEXAS CITY—To Liverpool—Oct. 21—Median, 14,956—	14,956
To Mexico—Oct. 16—City of Mexico, 1,911—	1,911
NEW ORLEANS—To Liverpool—Oct. 17—Civilian, 7,786; Mel-tonian, 1,224—Oct. 22—Director, 4,567—	13,577
To Havre—Oct. 17—Nessian, 454—	454
To Gothenburg—Oct. 20—Noruega, 2,209—	2,209
To Barcelona—Oct. 17—Conde Wilfredo, 750—	750
To Genoa—Oct. 17—Citta di Palermo, 5,931—	5,931
CHARLESTON—To Barcelona—Oct. 23—Cerea, 1,700—	1,700
To Genoa—Oct. 23—Cerea, 500—	500
NORFOLK—To Liverpool—Oct. 13—East Point, 300 additional—	300
BOSTON—To Yarmouth—Oct. 17—Prince George, 88—	88
PHILADELPHIA—To Gothenburg—Oct. 10—Canada, 375—	375
PORT TOWNSEND—To Japan—Oct. 20—Yokohama Maru, 3,847—	3,847
Total	81,817

The particulars of the foregoing shipments for the week, arranged in our usual form, are as follows:

	Great Britain.	French Ports.	Ger-many.	oth. Europe.	Mex., &c.	Japan.	Total.
New York	4,438	—	—	2,000	650	345	7,433
Galveston	17,769	—	—	9,175	—	842	27,786
Texas City	14,956	—	—	—	—	1,911	16,867
New Orleans	13,577	454	—	2,209	6,681	—	22,921
Charleston	—	—	—	—	2,200	—	2,200
Norfolk	300	—	—	—	—	—	300
Boston	—	—	—	—	—	88	88
Philadelphia	—	—	—	375	—	—	375
Port Townsend	—	—	—	—	—	3,847	3,847
Total	51,040	454	—	13,759	9,531	3,186	81,817

The exports to Japan since Sept. 1 have been 26,422 bales from Pacific ports, and 29,172 bales from Galveston.

LIVERPOOL.—By cable from Liverpool we have the following statement of the week's sales, stocks, &c., at that port:

	Oct. 2.	Oct. 9.	Oct. 16.	Oct. 23.
Sales of the week	24,000	19,000	20,000	—
Of which speculators took	200	100	100	—
Of which exporters took	1,000	2,600	800	—
Sales, American	17,000	14,000	15,000	—
Actual export	2,000	3,000	5,000	3,000
Forwarded	34,000	38,000	34,000	40,000
Total stock	815,000	786,000	769,000	760,000
Of which American	511,000	485,000	471,000	464,000
Total imports of the week	22,000	9,000	20,000	34,000
Of which American	4,000	4,000	16,000	28,000
Amount afloat	66,000	107,000	128,000	—
Of which American	48,000	81,000	97,000	—

Dealings in spot cotton during the past week have been as follows:

Spot.	Saturday.	Monday.	Tuesday.	Wednesday.	Thursday.	Friday.
Market	Quiet.	Fair demand.	Improved demand.	Fair demand.	Fair demand.	Moderate demand.
Mid. Upl'ds	5.05	5.05	5.05	5.05	5.05	5.05
Sales	3,700	2,800	4,800	3,700	4,400	4,700
American	2,900	2,000	3,400	2,500	2,000	3,800
Imports	3,391	—	3,106	—	24,732	2,668
American	1,936	—	3,106	—	19,979	2,600

BREADSTUFFS.

Friday Night, Oct. 23 1914.

Flour, in few words, has been quiet but firm. At the same time there have been rumors of export sales. Some of the mills are looking for higher prices. They believe that the war will be prolonged. They consider the world's wheat supplies to be deficient, and therefore they see no alternative but higher prices. The Norwegian steamer Nicholas Cuneo, which cleared from here on Sept. 26 for Christiania with a cargo of flour, has been taken by a British war ship off the coast of Scotland. Foreign buyers have still been in the market, whether there has been much actual business or not. There have been some unconfirmed rumors of sales to Europe. Great Britain, it is now said, will not issue war risks on neutral ships except when destined for British ports. The total production last week was 380,975 barrels, against 395,010 barrels in the previous week and 441,230 last year. The Pacific Coast has made large export sales.

Wheat has again advanced owing mainly to a very large export demand. Sales to Europe have been reported of 550,000 to 1,000,000 bushels a day or even more. Some of this business has been at the seaboard and some via the Gulf. Steadily rising prices has to all appearance not checked the demand. Europe acts as if it was badly in need of wheat. Its crops are much smaller than those of a year ago, and in addition the war has interfered with harvesting. Some of the statistics have not been favorable to a rise, that is theoretically speaking, but nobody is paying much attention to the weekly statistics nowadays they would have to be very striking to have much effect. The total American supply increased last week 5,677,000 bushels against an increase in the same week last year of 4,890,000 bushels, but this excited little comment. At times prices, it is true, have receded under the influence of profit-taking and selling by houses with Northwestern connections, as a hedge against purchases in the country. But last Monday the total export sales in all positions of 3,000,000 bushels were the largest of the season. The foreign demand is considered unprecedented. So urgent is the need of wheat in Europe that Italy, for instance, has reduced its import duties more than 50% on wheat, and at the same time has recently been a very large buyer in the United States. The crop of Hungary is officially stated at only 110,240,000 bushels, against 152,000,000 bushels last year. The above figures do not include Croatia and Slavonia, but there can be little doubt that there is a noteworthy deficit in the Hungarian crop, as the season started with the acreage reduced 1,100,000 acres, and later on came very bad weather. Exporters have been liberal buyers of December at Chicago. Kansas City has also been buying December. Chicago exporters have been absorbing the offerings in the sample market. Things have reached such a point that \$1 can be paid in the country, and at around this price offerings of spring and winter wheat have increased, and Northwestern farmers have also sold considerable stored wheat as collections of debts have been pressed for liquidation. Yet the insatiable demand for export has continued to carry prices upward. It is of interest to observe that the exports during September were 31,269,000 bushels and were the largest on record. In September last year they were only 17,957,000 bushels. Some covering of shorts has occurred during the week because the increase in the American visible supply, although it reached, according to one computation, 3,035,000 bushels, against a decrease last year of 93,000 bushels, it was yet smaller than had been expected. In France plowing is late and progressing very slowly, owing to the scarcity of labor and drought. It is stated that the French wheat area overrun by the Germany army amounts to 1,500,000 acres, of which some 1,000,000 acres is still occupied. The offerings of French native wheat are small, the surplus for sale having been for the most part consumed. In Germany preparations

for a new crop are proceeding very slowly, notwithstanding some reports to the contrary. It is added that German supplies are becoming light and that an official order has been given to resident bakers to use 20% of potato flour. Meantime Germany prices for wheat flour are very high, wheat selling on the spot at equal to \$1.92. In Paris also prices have been rising. In the United Kingdom showers have fallen, but more rain is needed. Dry weather continues to interfere with the development of the crop there and prices for native wheat are very firm. Some reports of late have been more favorable from Australia and India and Argentina, which has caused some temporary reaction in prices at Liverpool. In Argentina the crop outlook has not only improved but an early harvest is expected, although it is not denied that the yield will be smaller than that of last year. In India weather and crop prospects are described as favorable, and it looks as though the acreage will be increased. In Italy the weather is generally seasonable, and reports have it that in some parts of that country the acreage will be increased 20%. Yet, as already intimated, prices during the week have advanced on an extraordinary export demand. That has been the dominant factor. It is a corollary arising out of the growing fear that the European war will be more prolonged than was at one time expected. To-day an advance occurred. Export sales were reported of 2,000,000 bushels. The Pacific Coast has also sold heavily to Europe.

DAILY CLOSING PRICES OF WHEAT FUTURES IN NEW YORK.

	Sat.	Mon.	Tues.	Wed.	Thurs.	Fri.
No. 2 red.....	121	123 1/4	123 1/4	124 1/4	123 1/4	125
December delivery in elevator.....	122 1/4	124 1/4	123 1/4	124 1/4	123 1/4	125 1/4
May delivery in elevator.....	128 1/4	130 1/4	129	130 1/4	129 1/4	130 1/4

DAILY CLOSING PRICES OF WHEAT FUTURES IN CHICAGO.

	Sat.	Mon.	Tues.	Wed.	Thurs.	Fri.
December delivery in elevator.....	114 1/4	116 1/4	114 1/4	116 1/4	115 1/4	117 1/4
May delivery in elevator.....	120 1/4	122 1/4	120 1/4	122	121 1/4	122 1/4

Indian corn has also advanced, partly in sympathy with wheat and partly at times because of disappointing husking returns and latterly of some indications of unsettled weather. Earlier in the week the weather was favorable, and some increase in offerings was not without a temporary effect on prices. Some export demand has latterly appeared, but the bids as a rule have been somewhat below the market. Shorts and commission houses, however, have latterly been good buyers, and there has been little concentrated selling. Yet at one time there was more or less disposition to sell, owing to better weather and predictions of large crop movement in the near future. For the most part reports of transactions for export have not been confirmed. Last Monday it appears 100,000 bushels were sold to Europe. Sales of new corn to arrive at Chicago thus far this season have been unusually small, and Chicago's stock is anything but burdensome. The total American supply is put at 5,270,000 bushels against 8,691,000 bushels a year ago. No. 2 mixed here is about 5 cents higher than a year ago. To-day prices were higher, partly owing to unfavorable Argentine reports. Several River Plate steamers have been sunk by a German cruiser, it is stated, in the South Atlantic.

DAILY CLOSING PRICES OF NO. 2 MIXED CORN IN NEW YORK.

	Sat.	Mon.	Tues.	Wed.	Thurs.	Fri.
No. 2 mixed.....	81 1/4	81 1/4	81 1/4	82 1/4	83 1/4	84

DAILY CLOSING PRICES OF CORN FUTURES IN CHICAGO.

	Sat.	Mon.	Tues.	Wed.	Thurs.	Fri.
December delivery in elevator.....	67 1/4	68 1/4	67 1/4	69	69 1/4	70
May delivery in elevator.....	70 1/4	70 1/4	70 1/4	71 1/4	71 1/4	72 1/4

Oats have also advanced and at times indeed have shown conspicuous strength. The export demand is still the principal factor. Sales of 300,000 to 1,000,000 bushels to Europe have been reported in a single day. Last Monday the total was put at 750,000 to 1,000,000 bushels, partly for Australia. For something like a week past Australia has been buying, something which naturally makes holders firmer than ever. The European demand has been big enough, but if Australia is now to be added to the list of foreign buyers there are those who think that a further advance in prices is inevitable. Some business has also been done with Sweden at New York. Country offerings have been small even though somewhat larger than recently. The stocks in interior elevators are said to be much smaller than those of a year ago. According to one statement the visible supply of American oats is 40,731,000 bushels, against 43,451,000 a year ago and 13,728,000 at this time in 1912. The price of No. 2 white oats here is now about 10 cents higher than a year ago. Liverpool reports more interest in foreign oats and adds that buyers seem willing to follow the advance. It adds that arrivals at Liverpool are lighter and that the consumption is enormous. The Bulgarian crops is estimated at only 10,450,000 bushels against 29,000,000 bushels last year. To-day prices advanced partly on unfavorable crop reports from the Canadian Northwest. It is said that some Western points are already buying for home consumption. Export sales today were 100,000 bushels. The Pacific coast sold two cargoes for export. Ontario is buying in the Winnipeg market. It is intimated that Canada will have to import oats from the United States, as the Canadian yield is disappointing.

DAILY CLOSING PRICES OF OATS IN NEW YORK.

	Sat.	Mon.	Tues.	Wed.	Thurs.	Fri.
Standards.....	50 1/4-51	52-53	52 1/4-53	53-53 1/4	53-53 1/4	53-53 1/4
No. 2 white.....	51 1/4-52	53-53 1/4	53-53 1/4	54-54 1/4	54-54 1/4	54-54 1/4

DAILY CLOSING PRICES OF OATS FUTURES IN CHICAGO.

	Sat.	Mon.	Tues.	Wed.	Thurs.	Fri.
December delivery in elevator.....	49 1/4	50	49 1/4	50 1/4	50 1/4	50 1/4
May delivery in elevator.....	52 1/4	53 1/4	52 1/4	53 1/4	53 1/4	57

The following are closing quotations:

FLOUR.		GRAIN.	
Winter, low grades.....	\$4.00@5.50	Spring clears.....	\$5.25@5.35
Winter patents.....	5.60@6.00	Kansas straights, sacks.....	5.20@5.45
Winter straights.....	5.15@5.35	Kansas clears, sacks.....	4.80@5.10
Winter clears.....	4.75@5.20	City patents.....	7.15
Spring patents.....	5.75@6.00	Rye flour.....	4.90@5.55
Spring straights.....	5.40@5.60	Graham flour.....	5.15@5.40

Wheat, per bushel—f. o. b.		Corn, per bushel—	
N. Spring, No. 1.....	\$1.26 1/4	No. 2 mixed.....	84
N. Spring, No. 2.....	1.25	No. 2 yellow.....	84
Red winter, No. 2.....	1.25	No. 3 yellow.....	83 1/4
Hard winter, No. 2.....	1.24 1/4	Argentina in bags.....	78
Oats, per bushel, new—	cts.	Rye, per bushel—	
Standard.....	53 1/4	New York.....	100 1/4
No. 2, white.....	54@54 1/4	Western.....	100 1/4
No. 3, white.....	53	Barley—Malting.....	67@77

The statements of the movement of breadstuffs to market indicated below are prepared by us from figures collected by the New York Produce Exchange. The receipts at Western lake and river ports for the week ending last Saturday and since August 1 for each of the last three years have been:

Receipts at—	Flour.	Wheat.	Corn.	Oats.	Barley.	Rye.
	bbls. 196 lbs.	bush. 60 lbs.	bush. 56 lbs.	bush. 32 lbs.	bush. 48 lbs.	bu. 56 lbs.
Chicago.....	213,000	1,461,000	1,258,000	4,232,000	882,000	104,000
Milwaukee.....	78,000	414,000	173,000	1,167,000	566,000	77,000
Duluth.....	2,271,000	59,000	391,000	333,000	231,000	
Minneapolis.....	3,448,000	15,000	629,000	664,000	128,000	
Toledo.....	76,000	11,000	78,000	3,000	3,000	
Detroit.....	7,000	27,000	42,000			
Cleveland.....	72,000	23,000	30,000	71,000	25,000	
St. Louis.....	74,000	471,000	143,000	318,000	126,000	2,000
Peoria.....	35,000	17,000	100,000	139,000	88,000	44,000
Kansas City.....	1,266,000	54,000	153,000			
Omaha.....	283,000	123,000	194,000			
Tot. wk. '14.....	479,000	9,757,000	1,966,000	7,414,000	2,687,000	589,000
Same wk. '13.....	307,000	6,423,000	2,938,000	4,606,000	2,827,000	298,000
Same wk. '12.....	462,981	14,662,623	2,338,191	6,893,321	4,096,422	680,589
Since Aug. 1.....						
1914.....	4,954,000	147,025,000	38,490,000	93,429,000	27,020,000	6,715,000
1913.....	4,323,000	105,586,000	43,027,000	70,434,000	27,992,000	4,914,000
1912.....	3,955,659	118,449,303	36,978,612	66,428,166	22,309,571	5,774,408

Total receipts of flour and grain at the seaboard ports for the week ended Oct. 17 1914 follow:

Receipts at—	Flour.	Wheat.	Corn.	Oats.	Barley.	Rye.
	bbls.	bush.	bush.	bush.	bush.	bush.
New York.....	294,000	1,714,000	168,000	1,346,000	306,000	125,000
Boston.....	51,000	105,000	65,000	65,000	7,000	
Philadelphia.....	59,000	532,000	18,000	234,000	33,000	42,000
Baltimore.....	49,000	323,000	12,000	1,171,000	309,000	
New Orleans.....	70,000	631,000	19,000	61,000		
Newport News.....	22,000	826,000	19,000	375,000		
Galveston.....	5,000	19,000	1,000			
Mobile.....	82,000	2,412,000	19,000	215,000	137,000	
Montreal.....						

Total week 1914.....	632,000	6,546,000	255,000	3,468,000	785,000	174,000
Since Jan. 1 1914.....	18,049,000	187,667,000	21,417,000	52,568,000	11,076,000	4,270,000
Week 1913.....	475,000	6,832,000	427,000	698,000	392,000	96,000
Since Jan. 1 1913.....	17,738,000	154,023,000	45,845,000	44,128,000	16,826,000	2,683,000

* Receipts do not include grain passing through New Orleans for foreign ports on through bills of lading.

The exports from the several seaboard ports for the week ending Oct. 17 are shown in the annexed statement:

Exports from—	Wheat.	Corn.	Flour.	Oats.	Rye.	Barley.	Peas.
	bush.	bush.	bbls.	bush.	bush.	bush.	bush.
New York.....	622,920	173,997	59,097	550,458	176,825		2,805
Boston.....	85,707	3,684				39,867	
Philadelphia.....	244,000	28,000					
Baltimore.....	237,781	1,300	775,147	132,556			
New Orleans.....	469,000	6,000	64,000	331,000			
Newport News.....		21,500	375,000				
Galveston.....	478,000	8,000					
Mobile.....		10,000	1,250				
Montreal.....	1,248,000	41,000				223,000	
Total week.....	3,885,408	198,997	231,583	2,032,855	309,381	262,867	2,805
Week 1913.....	5,192,296	21,280	221,677	150,730		167,000	

The destination of these exports for the week and since July 1 1914 is as below:

Exports for week and since July 1 to—	Flour		Wheat		Corn	
	Week	Since July 1.	Week	Since July 1.	Week	Since July 1.
since July 1 to—	bbls.	bbls.	bush.	bush.	bush.	bush.
United Kingdom.....	81,788	1,656,362	2,802,389	49,841,756		45,490
Continents.....	108,840	1,012,975	1,078,019	49,429,134	171,915	904,792
Sou. & Cent. Amer.....	14,450	555,497	5,000	2,292,009	13,165	740,028
West Indies.....	19,435	536,841		17,328	13,917	634,819
Brit. Nor. Am. Cols.....		26,935				4,250
Other Countries.....	7,070	101,219		25,385		13,950
Total.....	231,583	3,889,829	3,885,408	101,605,612	198,997	2,343,329
Total 1913.....	221,677	3,460,658	5,192,296	69,097,704	21,280	1,489,950

The world's shipments of wheat and corn for the week ending Oct. 17 1914 and since July 1 1914 and 1913 are shown in the following:

Exports.	Wheat.			Corn.		
	1914.		1913.	1914.		1913.
	Week	Since	Since	Week	Since	Since
	Oct. 17.	July 1.	July 1.	Oct. 17.	July 1.	July 1.
	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.
North Amer.....	4,923,000	129,187,000	97,010,000	194,000	1,565,000	639,000
Russia.....	a	11,922,000	48,966,000	a	1,531,000	5,809,000
Danube.....	a	2,347,000	9,028,000		9,431,000	5,069,000
Argentina.....	80,000	3,594,000	9,410,000	4,072,000	48,256,000	91,961,000
Australia.....	280,000	7,432,000	10,128,000			
India.....	1,008,000	11,384,000	22,064,000			
Oth. countr's.....	260,000	2,508,000	2,746,000			
Total.....	6,551,000	168,374,000	199,352,000	4,266,000	60,783,000	108,478,000

a Available only in part since Aug. 1. * Not available since Aug. 1.

The quantity of wheat and corn afloat for Europe on dates mentioned was as follows:

	Wheat.			Corn.		
	United Kingdom.		Total.	United Kingdom.		Total.
	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.	Bushels.
Oct. 17 1914.....			32,040,000			20,928,000
Oct. 10 1914.....			35,052,000			18,351,000
Oct. 18 1913.....	15,680,000	18,504,000	34,184,000	13,081,000	10,531,000	23,612,000
Oct. 19 1912.....	18,256,000	18,584,000	36,840,000	11,348,000	19,975,000	31,323,000

The visible supply of grain, comprising the stocks in granary at principal points of accumulation at lake and seaboard ports Oct. 17 1914 was as follows:

UNITED STATES GRAIN STOCKS.

In Thousands—	Amer. Bonded Wheat. bush.	Amer. Bonded Wheat. bush.	Amer. Bonded Corn. bush.	Amer. Bonded Oats. bush.	Amer. Bonded Oats. bush.	Amer. Bonded Rye. bush.	Amer. Bonded Barley. bush.	Amer. Bonded Barley. bush.
New York.....	2,123	471	550	2,185	142	306	335	---
Boston.....	122	158	28	41	---	62	11	---
Philadelphia.....	1,465	90	129	526	---	---	---	---
Baltimore.....	2,880	4	204	1,228	---	537	42	---
New Orleans.....	3,006	---	61	278	---	---	---	---
Galveston.....	2,745	---	198	---	---	---	---	---
Buffalo.....	3,544	249	528	2,244	63	15	482	20
Toledo.....	1,630	---	78	857	---	6	3	---
Detroit.....	518	---	142	80	---	33	7	---
Chicago.....	4,844	---	1,122	11,893	---	74	842	---
Milwaukee.....	282	---	119	762	---	61	271	---
Duluth.....	8,680	160	---	1,656	22	100	1,333	23
Minneapolis.....	12,095	---	10	3,602	---	355	1,031	---
St. Louis.....	3,430	---	40	509	---	2	19	---
Kansas City.....	8,408	---	97	719	---	12	---	---
Peoria.....	3	---	64	1,282	---	---	---	---
Indianapolis.....	456	---	158	352	---	---	---	---
Omaha.....	928	---	124	2,165	---	47	47	---
On Lakes.....	2,785	---	403	584	---	461	614	---
On Canal and River.....	212	---	---	396	---	---	65	---
Total Oct. 17 1914.....	60,156	1,132	4,055	31,359	227	2,071	5,102	43
Total Oct. 10 1914.....	57,121	1,208	4,727	29,226	47	1,924	4,176	20
Total Oct. 18 1913.....	54,401	4,954	7,352	30,755	761	1,755	5,762	428

CANADIAN GRAIN STOCKS.

In Thousands—	Canadian Bonded Wheat. bush.	Canadian Bonded Wheat. bush.	Canadian Bonded Corn. bush.	Canadian Bonded Oats. bush.	Canadian Bonded Oats. bush.	Canadian Bonded Rye. bush.	Canadian Bonded Barley. bush.	Canadian Bonded Barley. bush.
Montreal.....	4,095	---	62	541	---	---	93	---
Ft. William & Pt. Arthur.....	16,766	---	---	2,840	---	---	---	---
Other Canadian.....	3,720	---	---	883	---	---	---	---
Total Oct. 17 1914.....	24,581	---	62	4,264	---	---	93	---
Total Oct. 10 1914.....	23,087	---	71	4,359	---	---	221	---
Total Oct. 18 1913.....	15,982	---	58	6,803	---	18	471	---

SUMMARY.

In Thousands—	Wheat. bush.	Wheat. bush.	Corn. bush.	Oats. bush.	Oats. bush.	Rye. bush.	Barley. bush.	Barley. bush.
American.....	60,156	1,132	4,055	31,359	227	2,071	5,102	43
Canadian.....	24,581	---	62	4,264	---	---	93	---
Total Oct. 17 1914.....	84,737	1,132	4,117	35,623	227	2,071	5,195	43
Total Oct. 10 1914.....	80,208	1,208	4,798	33,585	47	1,924	4,397	20
Total Oct. 18 1913.....	70,383	1,102	7,410	37,558	761	1,773	6,233	428

THE DRY GOODS TRADE.

New York, Friday Night, Oct. 23 1914.

Trading in dry goods markets during the past week has been fairly active, with the volume of sales on many lines showing improvement. Buyers are more disposed to cover their forward needs, but are proceeding cautiously. Manufacturers are also conservative in accepting business for forward delivery, as they are in doubt concerning the future course of raw material prices. In most quarters of the cotton goods market it is believed that the slump in finished goods prices is over, at least temporarily, and that after the situation in the South has been straightened out there will be a much better market for staple goods. Selling agents and jobbers report stocks well in hand and that production is being kept within the limits of actual requirements. Many mills are busily engaged and will continue so for several months, filling orders for export which have been booked as a result of the war. It is also stated that much more business could have been obtained had manufacturers sent their representatives abroad to solicit orders. Press dispatches received from Great Britain announce that that Government's purchasing agents vainly searched the English markets for representatives of American manufacturers who were in a position to accept business for quick delivery. Not being able to find them, they placed much of the business with their own mills, although knowing that deliveries would be greatly delayed. In fact, it appears that American manufacturers have not yet come to a full realization of the vast field which is opened up to them in Europe as a result of the war; not only in the way of army supplies, but through the deficiency in the production of the countries involved in the war. At no time during the period of hostilities, or probably for some time afterward, will European manufacturers be in a position to produce anything like the amount of goods required for their home consumption, and the United States will be the only other source of supply of any importance. For this reason manufacturers would be justified in establishing selling agencies both in Great Britain and on the Continent. It is not possible to estimate with any degree of accuracy the amount of business of this nature already accepted, as many of the reports have been found to be greatly exaggerated. Business through old export channels is dull, China and India remaining out of the market, while South America is taking only small lots of cheap-colored cottons and some moderate supplies of made-up wearing apparel.

DOMESTIC COTTON GOODS.—The exports of cotton goods from this port for the week ending Oct. 17 were 2,208 packages, valued at \$178,279, their destination being to the points specified in the tables below:

	1914—	Since Jan. 1.	1913—	Since Jan. 1.
New York to Oct. 17—	Week.	Jan. 1.	Week.	Jan. 1.
Great Britain.....	513	4,503	13	1,977
Other European.....	60	2,105	17	952
China.....	---	49,645	---	58,969
India.....	---	17,188	---	11,317
Arabia.....	---	9,412	---	31,193
Africa.....	---	6,132	---	21,550
West Indies.....	720	38,064	546	29,516
Mexico.....	13	555	94	2,068
Central America.....	148	17,510	321	13,102
South America.....	370	43,952	468	40,934
Other countries.....	384	53,535	288	51,672
Total.....	2,208	242,601	2,968	263,250

The value of these New York exports since Jan. 1 has been \$17,731,133 in 1914, against \$20,503,662 in 1913.

Business in staple cotton goods is quietly improving, the low level of prices having brought out a better demand for forward account. Most lines are now considered to be at bottom prices, and in view of the fact that the situation in spot cotton markets is clearing up, no further weakness is looked for in finished goods. Manufacturers have accepted large orders for deliveries running well into 1915, but it is believed that the business was only taken in order to keep mills running. Production has been held down to a minimum for many months past, and a number of mills found themselves confronted with the necessity of curtailing operations or accepting business at the best prices obtainable. The result has been that, following the war and the slump in raw cotton, many mills have availed themselves of the opportunity to book new orders at greatly reduced prices. Sales of print cloths are unusually poor, as, with buyers well covered, they are inclined to await further reductions in values before purchasing. Sheetings and brown goods are in fair demand, while coarse bagging and cotton duck are being sold in large volume. Gray goods, 38-inch standard, are quoted unchanged at 3½c.

WOOLEN GOODS.—Demand for woollen and worsted piece goods continues to improve. Late buying for fall and winter continues heavy, while initial business for next spring meets the fullest expectations. Unusually warm weather has served to check retail sales, but garment manufacturers are taking goods in large quantities. Selling agents also state that the demand is for medium and high-grade fabrics and that very little is being done in the cheaper grades. This is probably due largely to the fact that importations of foreign high-grade fabrics have been stopped. Broadcloths are leading in popularity and selling agents look for the demand to hold up throughout the winter. In spring goods, French serges, poplins, mohairs and many mixtures are attracting attention.

FOREIGN DRY GOODS.—Importers of foreign woollens and worsteds are greatly encouraged over the arrival during the week of several consignments of goods which they were in doubt about receiving. Even agents representing German lines have received shipments by the way of Rotterdam and are encouraged to believe that they will be able to do considerable business if the goods can be brought forward through this channel. There have also been several arrivals of French dress fabrics. In linens the arrivals during the week of several cases of German and Austrian linens, coming by way of Copenhagen, was a surprise to importers, but they are hoping that more goods will be received the same way. Locally, prices are still held at high levels and business as a result is greatly restricted. Retailers are holding many special sales at which it is claimed goods can be obtained at cheaper prices than jobbers are able to sell at the present time. Buyers of household goods are being warned by both importers and jobbers that they had better cover their requirements well ahead, as supplies of coarse linens, crashes, towelings, &c., are going to be scarce later on, with values probably much higher than those now prevailing. Damasks and handkerchief linens are also running low, but it is thought that fine linens will be more easily obtained than coarse, as the mills abroad will conserve flax supplies by manufacturing the finer goods. As regards dress linens, nothing is being done in lines for spring 1915, and no one appears to be in a position to know what the situation in these will be when the season opens. Further weakness has developed in burlaps, owing to the lack of interest on the part of buyers, and increasing arrivals. Lightweights are nominally quoted at 5.00c. and heavyweights at 6.75c.

Importations & Warehouse Withdrawals of Dry Goods.

The importations and warehouse withdrawals of dry goods at this port for the week ending Oct. 17 1914 and since Jan. 1 1914, and for the corresponding periods of last year, were as follows:

Imports Entered for Consumption for the Week and Since Jan. 1.

	Week Ending Oct. 17 1914.	Since Jan. 1 1914.	Week Ending Oct. 17 1913.	Since Jan. 1 1913.
	Pkgs.	Value.	Pkgs.	Value.
Manufactures of—				
Wool.....	1,275	323,662	74,605	20,818,810
Cotton.....	1,957	499,583	128,945	34,732,835
Silk.....	920	541,436	58,458	27,994,388
Flax.....	1,487	344,984	58,657	14,588,611
Miscellaneous.....	1,609	271,545	110,542	10,996,995
Total 1914.....	7,248	1,981,210	431,207	109,131,639
Total 1913.....	12,098	2,623,170	364,354	90,438,074

Warehouse Withdrawals Thrown upon the Market.

	Week Ending Oct. 17 1914.	Since Jan. 1 1914.	Week Ending Oct. 17 1913.	Since Jan. 1 1913.
	Pkgs.	Value.	Pkgs.	Value.
Manufactures of—				
Wool.....	423	121,478	34,219	9,303,957
Cotton.....	527	150,327	31,566	8,874,627
Silk.....	306	121,269	11,952	5,080,661
Flax.....	326	93,837	22,138	5,752,611
Miscellaneous.....	1,039	62,460	77,287	4,769,301
Total withdrawals.....	2,621	549,371	177,162	33,781,157
Entered for consumption.....	7,248	1,981,210	431,207	109,131,639
Total marketed 1914.....	9,869	2,530,581	608,369	142,912,796
Total marketed 1913.....	18,962	3,795,774	540,146	120,380,977
Imports Entered for Warehouse During Same Period.				
Manufactures of—				
Wool.....	890	268,552	28,010	8,370,385
Cotton.....	618	156,079	28,958	8,502,614
Silk.....	544	208,574	12,724	5,399,084
Flax.....	957	235,662	22,877	5,789,146
Miscellaneous.....	246	69,080	53,294	4,062,878
Total.....	3,255	937,947	145,863	32,124,107
Entered for consumption.....	7,248	1,981,210	431,207	109,131,639
Total imports 1914.....	10,503	2,919,157	577,070	141,255,746
Total imports 1913.....	14,555	3,254,433	568,613	124,565,548

STATE AND CITY DEPARTMENT.

News Items.

Alhambra, Calif.—*Charter Election Carried.*—According to reports the proposed new charter mentioned in V. 99, p. 1080 carried at the election held Oct. 14.

Arizona.—*Propositions for Submission at General Election.* At the general election in this State on Nov. 3 a vote will be taken on the following measures:

Constitutional Amendment Proposed by Initiative Petition.

Providing State-wide prohibition.
Providing that elections on the question of prohibition shall be held not oftener than every eight years and further for district voting on such question.

Providing for the issuance of \$5,000,000 bonds by the State for a system of highways.

Providing for a State reclamation service. Permits the State to contract an indebtedness of not exceeding three cents on each dollar valuation of taxable property for the purpose of reclaiming the arid, semi-arid and other lands within its boundaries.

Providing that the veto power of the Governor or the power of the Legislature to repeal or amend shall not extend to initiative and referendum measures approved by the voters.

Acts Proposed by Initiative Petition.

Act to abolish the penalty of death for crime.
Act amending Revised Statutes, 1913, Civil Code, so as to provide for the semi-annual payment of taxes, assessment of taxes, time of entering delinquent taxes on "back tax book" collection of delinquent taxes and correction of "back tax book."

Act defining and prohibiting blacklisting and unlawful interference with laborers.

Act providing for an old-age and mothers' pension.
Act to provide for the participation of the State of Arizona in the Panama-California Exposition.

Act to protect citizens of the United States in their employment against non-citizens of the United States in Arizona.

Act to establish a just and equal system of taxation on real and personal property, whereby the owner or agent of real or personal property shall assess his or her own property, the State of Arizona reserving the right to take over the property at its assessed valuation.

Act regulating the placing, erection, use and maintenance of electric poles, wires, cables and appliances.

Act to promote the welfare of the people of the State of Arizona, and to provide for the development of the resources of the State, and to abolish the contract system on all State construction, and to establish a State printing plant, and to establish a State banking system, and to make appropriation therefor.

Act to create and organize Miami County.

Acts Referred by Petition of People.

Act to establish a penal code, Title....., Pardons and Reprieves.

Act to provide for and to regulate transportation of passengers by common carriers on railroads within the State of Arizona between points in the State of Arizona, and to prescribe a maximum passenger rate to be charged by common carriers on railroads within the State of Arizona in transporting of passengers in intra-State business, and to provide for the manner of exempting railroads from the operation of this Act under certain conditions, and to provide for the suspension of the operation of this Act pending certain investigations before the corporation Commission of the State of Arizona, and prescribing penalties for violations of any of the provisions of this Act.

Act providing for the creation, establishment and organization of new counties, and the separation of parts of counties and the annexation of same to other counties.

Act to provide for changing the county seats and the proceedings thereof, and for elections to determine such change.

Belleville, Essex County, N. J.—*Commission Government Approved.*—According to reports, the question of establishing a commission form of government carried at the election held Oct. 20 by a vote of 716 to 567.

Brazil.—*Interest on External Debt to be Funded.*—According to a special cable from London to the New York "Journal of Commerce" the Brazilian Government announces it will fund for three years, from Aug. 1 1914, the interest on the entire external debt of the republic. It also announces that it has authorized the Rothschilds to issue 5% funding bonds in an amount not exceeding \$75,000,000 as second charge on customs.

The proposed funding will cover all the interest on the sixteen existing loans and other minor payments. In accordance with the plan, sinking funds and the redemption of existing loans are to be suspended for a period of thirteen years. The new funding bonds are to be made redeemable by a half per cent sinking fund applied half yearly from July 31 1927, namely, ten years after the funding scheme ends. The new bonds will rank next to the fundings issued when Brazil defaulted in 1898.

Collin County (P. O. McKinney), Tex.—*Bonds Declared Void.*—An issue of \$65,000 bonds voted in the Culeoka Precinct No. 5 on Feb. 21 1914, was declared illegal by the District Court on Oct. 17, according to newspaper reports.

Colorado.—*Propositions for Submission at General Election.*—At the Nov. 3 election the people will vote on three proposed constitutional amendments submitted by the last Legislature, five constitutional amendments and three laws initiated by petition and five bills referred by petition of referendum. The three amendments submitted by the Legislature were reported in the "Chronicle" of July 4, page 62. The other propositions to be voted upon are as follows:

No. 1. Amendment to Sec. 1, Art. V, providing that when any initiated measure shall be rejected by the people no such measure or similar measure designed to accomplish the same end, either by State legislation or by amendment to the constitution, shall be initiated for submission at any election held within six years from the election at which the rejected measure was submitted. It is also provided that if two or more legislative measures or constitutional amendments shall be adopted at the same election, the measure or amendment receiving the greatest number of affirmative votes shall prevail in all particulars as to which there is a conflict.

No. 2. Amendment to constitution adding Art. XXII, prohibiting the sale of intoxicating liquors and the manufacture and importation of intoxicating liquors for purposes of sale or gift.

No. 3. Amendment to Sec. 23, Art. II, providing a three-fourths jury verdict in civil cases and permitting women, where willing, to serve on juries.

No. 4. Amendment to Art. V by adding Sec. 1-A, requiring the Governor upon petition of 25% of the qualified electors to call a special election for the submission of initiated or referred measures or amendments. The Governor is also vested with power to call a special election for this purpose of his own volition. Such special election must be held at least four months before a general election is held.

No. 5. Proposed law for a child-welfare commission to serve without pay or personal expenses from the State, to codify the laws of the State relating to women and children.

No. 6. Proposed law permitting probation in certain criminal cases of minors and first offenders only.

No. 7. Proposed law to secure better highways by increasing the State road fund by an annual half-mill levy.

No. 8. Amendment to Art. XV of the constitution by adding Section 16, making newspapers public utilities.

No. 9. Referring Secs. 36 and 37 of Senate Bill No. 1, creating a public utilities commission. Sec. 36 prohibits the disposition or encumbrance by any person or corporation subject to the Act of any part of its property necessary or useful in the performance of its duties, or the merger or consolidation with any other public utility, without the commission's permission. Section 37 prescribes the power of public utilities to issue stocks and bonds.

No. 10. Proposed Act to define commission merchants; provide for licensing and bonding commission merchants; and provide for violation thereof.

No. 11. Proposed Act "to relieve employees and workmen from assuming the risk of injury or death from dangers and perils in any employment which the employer might by ordinary care and effort have provided and guarded against, and permitting a recovery of damages in case of injury or death."

No. 12. Proposed Act relating to the appointment of deputy sheriffs, constables and other peace officers.

No. 13. Referring Sections 35, 36 and 37 of Senate Bill No. 1 creating a public utilities commission. Section 35 stipulates under what conditions public utilities may undertake construction work or extensions. Secs. 36 and 37 are referred in a separate proposition and have already been referred to in No. 9 above.

Nos. 1 to 8 inclusive were initiated by petition while Nos. 9 to 13 incl. are referred by petition.

Long Beach, Los Angeles County, Calif.—*Commission Government Adopted.*—The question of establishing a commission form of government carried, reports state, at the election held Oct. 15, by a vote of 1651 to 1606.

Louisiana.—*Proposed Constitutional Amendments.*—The following proposed amendments to the constitution will be voted upon on Nov. 3:

1. Providing for the extent and limitation of taxation on banks, banking associations, corporations or companies doing business in this State but domiciled in other States of the Union or in foreign countries.

2. Exempting from taxation all money in hand or on deposit; and loans by Homestead Associations or Homestead Societies to their members secured by stock of said associations or societies.

3. Relative to the support of the public schools of the State of Louisiana and the levying of taxes thereon by parishes, cities, and towns, under certain conditions.

4. Increasing the Governor's salary from \$5,000 to \$7,500; providing this shall not disqualify any members of the General Assembly submitting this amendment.

5. Exempting from taxation for ten (10) years from the date of completion certain new canals for irrigation, navigation and power purposes to be completed within five (5) years, with a capital of not less than \$3,000,000.

6. Permitting women to hold any office connected with the public educational system or with institutions of charity or correction.

7. Creating an additional Judge for the Thirteenth Judicial District.

8. Permitting the sale of drainage bonds at 90% of par.

9. Relative to pensions for Confederate veterans.

10. Relative to District Attorneys.

11. Permitting the levy of a special tax by parishes and municipalities in excess of limitation for fire departments and buildings.

12. Giving the power to the Board of Commissioners of the Port of New Orleans to dig, build, erect and operate or acquire and operate a navigation canal, and the necessary locks, slips, laterals, basins and appurtenances thereof, in the City of New Orleans, to connect Lake Pontchartrain and the Mississippi River.

13. Relative to District Courts.

14. For the registration of automobiles and motor vehicles and provide a license tax for the use thereof.

15. Authorizing the City of New Orleans to issue not exceeding \$3,000,000 4½% bonds secured by a special tax of six-tenths of one mill on the dollar to create a Lake Shore Park.

16. Providing for the recall of certain officers elected by the people.

Maryland.—*Bonds Exempted from Taxation.*—An Act of the Maryland Legislature (Chapter 43) approved March 12 1914, exempts from all taxation for the year 1914, and thereafter, all bonds or other obligations hereafter to be issued by the State or any county, city or municipal corporation, or other political sub-division, and all such securities heretofore issued by any county or municipal corporation which have been sold under terms rendering such county, city or municipal corporation liable for the State tax thereon. The Act in full is as follows:

CHAPTER 43.

An Act to add a new Section to Article 81 of the Code of Public General Laws, title "Revenue and Taxes," sub-title "Exemptions," to be designated 4-A and to follow Section 4 of said Article.

Section 1. Be it enacted by the General Assembly of Maryland, That a new section be and the same is hereby added to Article 81 of the Code of Public General Laws, title "Revenue and Taxes," sub-title "Exemptions," to be designated 4-A and to follow Section 4 of said Article, and to read as follows:

4-A. For the year nineteen hundred and fourteen and thereafter all bonds, stock, certificates of indebtedness or other obligations in whatsoever form hereafter to be issued by the State of Maryland, or by any County, City or Municipal Corporation or other political subdivision of this State, either under a law heretofore passed or under a law hereafter to be passed, and all bonds, stock, certificates of indebtedness or other obligations in whatsoever form heretofore issued by any County or Municipal Corporation of this State, and which, prior to the passage of this Act, have been sold under terms rendering such County, City or Municipal Corporation liable for the State tax thereon on behalf of the holders, shall be exempt from taxation for State, County, Municipal or other local purposes; but nothing herein contained shall be construed to deprive corporations of the credits, deductions and allowances on their shares provided for in Section 163 of Article 81 of Bagby's Code of Public Civil Laws, which shall continue to be allowed to the same extent as if all of the stock debt of this State upon which, but for the passage of this Act, the State tax would have been deducted by the Treasurer, and all of the stock debt of the City of Baltimore on which, but for the passage of this Act, the State taxes would have been paid, or payable by said City, had continued subject, respectively, to said deductions or payments of taxes without any change hereby.

Sec. 2. And be it further enacted, That this Act shall take effect from the date of its passage, and all Acts and parts of Acts inconsistent herewith are hereby repealed.

Approved March 12th 1914.

Michigan.—*Constitutional Amendments.*—The Legislature of 1913 made provision for the submission to the voters on Nov. 3 of three proposed amendments to the constitution. One of these amends Section 10 of Article 10 so as to permit the State to issue bonds for the construction and permanent improvement of public wagon roads. Another adds Section 15a to Article 8 and authorizes any county to issue bonds for the construction of drains and the development and improvement of agricultural lands within the county. The other amendment is to Section 1 of Article 3 and relates to the right of students to vote while in attendance at any institution of learning.

In addition to the above, an amendment has been asked for on petition to provide by law for the incorporation, regulation and supervision of fraternal beneficiary societies, with the power to issue death benefit certificates.

Missouri.—Propositions to Be Voted upon at General Election.—The following questions will be placed on the ballot at the general election Nov. 3:

First Constitutional Amendment.

Amending the Initiative and Referendum Law to restrict the submission of so-called "single tax" measures and making certain other provisions affecting the use of said law.

Second Constitutional Amendment.

Providing for an increase of the limit of indebtedness that Kansas City may incur for the purpose of acquiring or purchasing public utilities.

Third Constitutional Amendment.

Providing for levying and collecting a State tax of ten cents on each one hundred dollars assessed valuation for the construction and maintenance of public roads in the several counties of the State.

Fourth Constitutional Amendment.

Changing the compensation of members of the General Assembly from per diem during session to annual salary of \$1,000.

Fifth Constitutional Amendment.

Providing for an increase of the limit of indebtedness that cities of 100,000 inhabitants or over may incur for the purpose of constructing or acquiring subways.

Sixth Constitutional Amendment.

Authorizing the qualified voters of road districts to increase by majority vote the local rate of taxation by levying a special tax for road purposes not to exceed sixty-five cents on the one hundred dollars valuation.

Seventh Constitutional Amendment.

Giving the General Assembly optional power to make provisions for the granting and payment of pensions or allowances to the deserving blind.

Eighth Constitutional Amendment.

Authorizing certain large cities to amend their charters by less difficult methods than are now provided.

Ninth Proposition.

Referendum Ordered by the Petition of the People.

Senate Bill No. 117, enacted by the 47th General Assembly. Providing the minimum number of employees in crews on passenger, mail, express and freight trains, respectively, operated in the State of Missouri; making it unlawful for railroad and railway companies to operate such character of trains without such respective minimum number of employees in said crews, and prescribing penalties for violations of said Act.

Tenth Proposition.

Referendum Ordered by the Petition of the People.

House Bill No. 19, enacted by the 47th General Assembly. Amending the local option laws so as to make the counties the sole units to determine whether or not intoxicating liquors shall be sold, furnished or given away within their limits; taking away from municipalities of 2,500 population or more the right to vote separately from their respective counties; providing additional qualifications for judges at local option elections and providing that dramshop licenses shall not be granted by the several county courts after filing of a petition for a local option election.

Eleventh Proposition.

Referendum Ordered by the Petition of the People.

House Bill No. 7, enacted by the 47th General Assembly. Abolishing the present office of Excise Commissioner as appointed by the Governor in cities having a population of 300,000 or more and providing for appointment by the Mayor of such cities, in lieu of such excise commissioner, of a bi-partisan board of excise commissioners, and prescribing the number, qualifications, duties and salaries of the members thereof; and providing that all fees and taxes received from dramshop licenses in such cities shall be paid over to the treasurers of such cities.

Twelfth Proposition.

Referendum Ordered by the Petition of the People.

House Bill No. 6, enacted by the 47th General Assembly. Abolishing the present board of police commissioners as appointed by the Governor in cities having 300,000 inhabitants or more and providing for appointment by the Mayor of such cities, in lieu of such board, of a bi-partisan board of police commissioners, and prescribing the number, qualifications, duties and salaries of the members thereof; and providing for the municipal assembly or common council of such cities to fix the salaries of the officers and policemen of said cities.

Thirteenth Proposition.

Proposed by Initiative Petition—Constitutional Amendment.

Providing that females shall have the same rights to vote at all elections held within the State as males.

Fourteenth Proposition.

Proposed by Initiative Petition—Constitutional Amendment.

A proposition to authorize the State of Missouri to issue \$50,000,000 bonds and use proceeds for building and maintaining public highways and to authorize a tax levy sufficient to pay the principal and interest on said bonds.

Fifteenth Proposition.

Proposed by Initiative Petition—Constitutional Amendment.

A proposition to authorize levy and collection of special taxes for road purposes, to issue bonds in any sum for said purposes, upon petition of tax-paying voters, providing for and authorizing construction and maintenance of highways, and authorizing governing body of governmental subdivision ordering construction, improvement, purchase or maintenance of such highways to either levy a direct tax for same or to issue interest-bearing bonds and sell same, using proceeds thereof for such purposes, whether such highways are wholly or partly within and partly without the governmental subdivision proposing to make and pay for such highways or improvements.

Registration and Transfer of Municipal Bonds.—A compilation of the statutory provisions of the various States for the registration and transfer of municipal bonds is being distributed in pamphlet form by the United States Mortgage & Trust Co., 55 Cedar St., New York City. The company announces that it has taken over from the Columbia Trust Co., New York, its Department for the preparation and certification of municipal bonds.

South Carolina.—Legislation for Relief of Cotton Planters.—See item on a preceding page under head of "Measures for Relief of Cotton Planters."

Bond Proposals and Negotiations this week have been as follows:

ALBANY, Albany County, N. Y.—BONDS PROPOSED.—Reports state that an ordinance providing for the issuance of \$35,000 Albany basin dredging bonds will be introduced in Common Council on Oct. 19.

ALBANY COUNTY (P. O. ALBANY), N. Y.—BOND SALE.—On Oct. 21, the \$57,750 4½% Cohoes-Lansingburg toll-bridge purchase bonds (V. 99, p. 1080) were awarded to the Manufacturers Nat. Bank of Troy at par and int. Denom. (57) \$1,000, (1) \$750. Date Nov. 1, 1914. Int. M. & N. Due \$1,000 yrly. from 1915 to 1925 incl. and \$46,750 in 1926.

ALBION, Orleans County, N. Y.—BOND OFFERING.—Further details are at hand relative to the offering on Oct. 26 of the \$165,000 registered water-works-purchase and extension bonds at not exceeding 5% int. (V. 99, p. 1158). Proposals for these bonds will be received until 10 a. m. on that day by Edw. S. Eaton, Village Clerk. Denom. \$1,000. Date

Aug. 10 1914. Interest annually on Aug. 10 at Citizens' National Bank, Albion, in N. Y. exchange. Due yearly on Aug. 10 as follows: \$1,000 in 1915; \$2,000 from 1916 to 1918, incl.; \$3,000 from 1919 to 1921, incl.; \$4,000 from 1922 to 1925, incl.; \$5,000 from 1926 to 1929, incl.; \$7,000 from 1930 to 1932, incl.; \$8,000 from 1933 to 1939, incl., and \$9,000 from 1940 to 1943, incl. Certified check (or cash) on a national bank or trust company for 5% of bonds bid for, payable to Village Treasurer, required. Bonds to be delivered Oct. 26 or as soon thereafter as bonds can be completed, at Columbia Trust Co., N. Y. Purchaser to pay accrued interest. These bonds will be certified as to genuineness by the above trust company and their legality examined by Caldwell, Masslich & Reed of N. Y. City, whose favorable opinion will be furnished purchaser without charge. Purchaser to pay accrued interest. Bids must be on forms furnished by the above Clerk. Bonded debt (including this issue), \$410,100; no floating debt. Assessed value real estate, \$3,827,060; personal, \$266,700; franchises, \$111,850. These bonds were offered without success on Sept. 10 (V. 99, p. 913).

ALLIANCE IRRIGATION DISTRICT (P. O. Bridgeport), Neb.—BOND OFFERING.—R. E. O'Neal, Secy. Board of Directors, is offering for sale the \$45,000 6% 20-yr. (ser.) bonds offered but not sold on Sept. 1 (V. 99, p. 488). Denom. \$100 and \$500. Date July 1, 1914. Int. J. & J.

ALTOONA, Blair County, Pa.—BOND ELECTION.—The question of issuing \$50,000 15-30-yr. (opt.) tax free fire department bonds at not exceeding 4½% int. will be submitted to a vote on Nov. 3. Int. semi-an.

ARCADIA, Los Angeles County, Cal.—BOND OFFERING.—Proposals will be received until 7:30 p. m. Nov. 19 by Geo. E. Grimes, City Clerk, for the following 5½% bonds voted Sept. 22 (V. 99, p. 995): \$131,250 water bonds. Denom. (\$245) \$500, (35) \$250. Due \$3,750 yrly. on Dec. 1 from 1919 to 1954 incl.

150,000 street bonds. Denom. (280) \$500, (40) \$250. Due \$3,750 yrly. on Dec. 1 from 1915 to 1954 incl.

Date Dec. 1 1914. Int. J. & D. at office of City Treas. Cert. check on a California bank for \$5,000, payable to City Treasurer, required.

ARDMORE SCHOOL DISTRICT (P. O. Ardmore), Carter County, Okla.—BOND SALE.—We have just been advised that an issue of \$12,000 5% heating bonds was awarded to Geo. W. & J. E. Piersol of Oklahoma City at par on May 23. Denom. \$1,000. Date June 1, 1914. Int. M. & S. Due in 1939.

ASHTON, Lee County, Ill.—BONDS VOTED.—According to reports, the question of issuing \$18,000 water works system constr. bonds carried at the election held Oct. 6 by a vote of 248 to 93.

ASPINWALL (P. O. Pittsburgh), Allegheny County, Pa.—BONDS NOT SOLD.—No sale was made of the \$15,000 water and light plant equip. and \$7,000 lighting system ext. 4½% coup. bonds offered on Oct. 19 (V. 99, p. 1158).

ATLANTIC CITY, Atlantic County, N. J.—BOND SALE.—The Sinking Fund on Sept. 30 purchased \$36,000 4½% 19-yr. Artic Ave. paving bonds at par and int. Denom. \$1,000. Date July 1 1914. Int. J. & J.

ATTICA SCHOOL DISTRICT No. 2 (P. O. Attica), Lapeer County, Mich.—DESCRIPTION OF BONDS.—We are advised that the \$4,000 school bonds recently awarded to the People's State Bank of Imlay City (V. 99, p. 1158) bear date of Oct. 15, 1914 and are in the denomination of \$400. Int. A. & O. Due in 10 yrs., subject to call \$400 yearly.

AUGUSTA, Ga.—BOND OFFERING.—Local newspapers state that bids will be opened at 12 m. Nov. 12 for an issue of \$250,000 flood-protection bonds.

AURELIA, Cherokee County, Iowa.—BOND OFFERING.—Bids will be received until Nov. 15 for an issue of \$7,000 5% electric light system bonds authorized by a vote of 149 to 14 at the election held Aug. 17. Due in 1934.

BAKER, Fallon County, Mont.—BOND OFFERING.—This town will offer for sale at public auction at the office of Booth & Dousman, in said town, at 10 a. m., Nov. 23, \$25,000 6% 10-20-yr (opt.) gold water works bonds. Denom. \$1,000. Date July 1 1914. Int. J. & J. at Nat. Bank of Commerce, N. Y. Cert. check for \$5,000 payable to Chas. J. Dousman, Town Clerk, required.

The official notice of this bond offering will be found among the advertisements elsewhere in this Department.

BANGOR, Northampton County, Pa.—DESCRIPTION OF BONDS.—The \$10,000 fire department bonds awarded in June to the Bangor Trust Co. of Bangor at 100.50 (V. 99, p. 996), bear interest at the rate of 4½% and are in the denom of \$500. Date Apr. 1, 1914. Int. A. & O. Due April 1, 1944.

BARBERTON SCHOOL DISTRICT (P. O. Barberton), Summit County, Ohio.—BOND ELECTION.—Reports state that an election will be held Nov. 3 to submit to a vote the question of issuing \$150,000 site purchase and constr. bonds.

BARTLESVILLE SCHOOL DISTRICT (P. O. Bartlesville), Washington County, Okla.—BOND SALE.—The Board of Education has purchased from the Sinking Fund at par \$25,000 5% 10-yr. school bldg. bonds. Denom. \$1,000. Date July 1, 1914. Int. J. & J.

BAYONNE, N. J.—BOND SALE.—On Oct. 20 the City Sinking Fund Commissioners purchased at par and int. the following 4½% bonds issued to pay judgements against the city:

\$18,913 73 bonds. Denom. (18) \$1,000, (1) \$913 73. Date July 1 1914. Int. J. & J. Due July 1 19124.

897 86 bond. Date Sept. 15 1914. Int. J. & J. Due Sept. 15 1919.

BEAR LAKE COUNTY (P. O. Paris), Idaho.—BOND SALE.—On Oct. 14 the \$50,000 road bonds offered on Oct. 12 (V. 99, p. 913) were awarded to James N. Wright & Co. of Denver at par for 5½%. Other bidders were:

Hoehler, Cummings & Prudden, Toledo bid \$50,140 for 6s.

J. R. Sutherland & Co., Kansas City bid par for 6s.

Sweet, Causey, Foster & Co., Denver bid par for 6s.

There were several other bidders, but as no certified check was enclosed, bids were not considered. Denom. \$1,000. Date Nov. 1, 1914. Int. J. & J.

BEAUMONT, Riverside County, Calif.—BONDS NOT SOLD.—No bids were received on Oct. 9, for the two issues of 6% bonds aggregating \$10,000 offered on that day (V. 99, p. 913).

BEAVER, Beaver County, Utah.—BOND SALES.—The \$30,000 6% 10-20-yr. (opt.) municipal water system bonds (V. 99, p. 63), were awarded on June 25 to Keeler Bros. of Denver at par. Denom. \$1,000. Date May 1, 1914. Int. M. & N.

BELLEVILLE SCHOOL DISTRICT (P. O. Belleville), Essex County, N. J.—BONDS AWARDED IN PART—OPTION GRANTED TO PURCHASE BALANCE.—On Oct. 20 \$50,000 of the \$120,500 5% 22-year (average) coupon high and grammar-school building bonds (V. 99, p. 1158) were awarded jointly to Harris, Forbes & Co. of N. Y. and J. S. Rippel of Newark at 100.191 and int. The same concerns were granted an option until Dec. 1 to purchase the remaining \$70,500 at the same price.

BENECIA SCHOOL DISTRICT, Solano County, Calif.—BONDS NOT YET SOLD.—No sale has yet been made of the \$18,000 5% impt. bonds offered without success on Aug. 3 (V. 99, p. 488).

BENTON COUNTY (P. O. Fowler), Ind.—BOND SALE.—On Oct. 1 \$9,800 4½% Harrington road bonds were awarded to J. F. Wild & Co. of Indianapolis at par and interest. The contractors, Evans & Van Natta of Fowler put up \$98 bonus to enable the purchasers to pay par and int. Denom. \$490. Date Sept. 1, 1914. Int. M. & N. Due \$490 each six months from May 15, 1915 to Nov. 15, 1924, inclusive.

BOND OFFERING.—Bids will be received by W. H. Cheadle, Co. Treas., for \$11,980 4½% highway impt. bonds until 1 P. M. Oct. 27.

BERLIN TOWNSHIP (P. O. Berlin Heights), Erie County, Ohio.—BOND ELECTION PROPOSED.—According to reports, the question of issuing \$20,000 road impt. bonds will be submitted to the voters in the near future.

BIG POINT SEPARATE SCHOOL DISTRICT, Jackson County, Miss.—BOND SALE.—The Jackson County Sixteenth Section Fund purchased on Aug. 1 \$1,000 6% school bldg. bonds at par. Denom. \$100. Date Aug. 1, 1914. Interest annually in August.

BOSWELL, Choctaw County, Okla.—PURCHASE OF BONDS.—The purchaser of the \$36,000 6% 25-yr. coup. tax-free water works ext. bonds sold on June 11 at par (V. 99, p. 1159) was A. J. McMahan of Oklahoma City. Denom. \$1,000. Date April 15, 1914. Int. F. & A.

BRANCHVILLE, Orangeburg County, So. Caro.—BOND OFFERING.—Reports state that bids will be received until 12 m., Nov. 16, by P. E. Dukes, Clerk of Comms., of Public Works, for \$10,000 6% 20-40-yr. (opt.) electric light bonds.

BRONSON INDEPENDENT SCHOOL DISTRICT (P. O. Bronson), Sabine County, Tex.—BOND OFFERING.—This district is offering for sale an issue of \$10,000 5% 40-yr. school bonds. C. E. Casey is Secy. of the School Board.

BROOKE COUNTY (P. O. Wellsburg), W. Va.—BOND ELECTION. NOT YET CALLED.—We are advised the election to vote on the question of issuing the road impt. bonds (V. 99, p. 63) has not yet been decided upon.

BUDE, Franklin County, Miss.—BOND SALE.—Local newspaper dispatches state that this place has sold at par an issue of \$350,000 school and municipal bldg bonds to local and Brookhaven investors.

CALDWELL, Burleson County, Tex.—BONDS VOTED.—The question of issuing the \$12,000 5% 10-40-yr. (opt.) street grading and paving bonds (V. 99, p. 996) carried, reports state, by a vote of 103 to 24 at the election held Oct. 13 (not Oct. 15 as first reported).

CARSON CITY SCHOOL DISTRICT No. 2 (P. O. Carson City), Montcalm County, Mich.—BONDS TO BE OFFERED NEXT YEAR.—We are advised that the \$10,000 bldg. bonds voted during Sept. (V. 99, p. 914) will be offered for sale about Jan. 1.

CARBON COUNTY (P. O. Red Lodge), Mont.—BOND ELECTION.—The election to vote on the question of issuing the \$25,000 10-20-yr. (opt.) poor farm site purchase and bldg. construction bonds at not exceeding 5% interest (V. 99, p. 1159) will be held Nov. 3, it is reported.

CARROLLTON, Carroll County, Ohio.—BOND SALE.—On Oct. 12 the two issues of 5% coup. taxable Main St. impt. bonds aggregating \$3,250 (V. 99, p. 914) were awarded to the Cummings Trust Co. of Carrollton at par and int. There were no other bidders.

CASCADE COUNTY (P. O. Great Falls), Mont.—NO BOND ELECTION.—Local newspaper reports state that the County Commrs. have turned down the proposition of submitting the \$250,000 road bonds to the voters (V. 99, p. 1159).

CASCADE IRRIGATION DISTRICT (P. O. Ellensburg), Kittitas County, Wash.—BOND SALE.—We are advised by the Secretary of the Board of Directors that the \$700,000 6% bonds offered without success as reported in (V. 99, p. 555) have been taken by the contractors for work performed.

CEDAR CREEK TOWNSHIP (P. O. Lowell), Lake County, Ind.—BOND SALE.—On Oct. 17, the \$11,500 5% 9-yr. (aver.) school bonds (V. 99, p. 996) were awarded to E. M. Campbell's Sons & Co. of Indianapolis at par and interest. Other bidders were:

Peoples State Bank, Crown Point.....\$11,530
Fletcher-American National Bank, Indianapolis.....11,500
*This bid appears to be higher than that of the purchaser, but is so given by the Twp. Trustee.

CENTER SCHOOL TOWNSHIP (P. O. Greenfield), Hancock County, Ind.—BOND OFFERING.—Proposals will be received until 2 P. M. Nov. 7, by Abram W. Frost, Twp. Trustee, for \$47,000 4½% school bldg. bonds in Dist. No. 13. Denom. (90) \$500, (15) \$133.34. Date April 22, 1914. Interest semi-annually. Due beginning July 15, 1915. Cert. check for 5% bid required. Bids must be made on forms furnished by the Twp. Trustee. Purchaser will be required to have bonds printed ready for signature of Trustee.

CHEHALIS, Wash.—BONDS TO BE SOLD TO CONTRACTOR.—The City Clerk advises us under date of Oct. 17 that the \$70,000 general and \$115,000 special water bonds (V. 97, p. 1761) will be issued to the contractor, W. H. Mitchell in payment of construction work.

CINCINNATI, Ohio.—BONDS NOT SOLD.—No bids were received on Oct. 22, it is stated, for the \$100,000 4½% 40-yr. hospital bonds offered on that day (V. 99, p. 914). It is further stated that the sinking fund trustees have signified their intention of taking up the issue in amounts as the funds are needed for completion of the new general hospital.

CLEVELAND, Ohio.—TEMPORARY LOAN.—Local papers state that the city has negotiated a loan of \$765,000 at 6% int. to meet running expenses of the city for the rest of the fiscal year. Banks having city funds on deposit will take up the entire loan.

CLYDE PARK, Park County, Mont.—BONDS VOTED.—The question of issuing \$18,000 municipal water works system constr. bonds carried, it is stated, by a vote of 49 to 23 at a recent election.

COLUMBIA, Richland County, S. C.—BOND ELECTION PROPOSED.—It is reported that an election will shortly be held to vote on the question of issuing \$40,000 hospital bonds.

COSHOCOTON, Coshocoton County, Ohio.—BOND OFFERING.—Proposals will be received until 12 m. Nov. 16, by Hugh Gamble, City Aud., for the following 6% impt. (assess) bonds.

\$2,500 Hickory St. paving bonds. Denom. \$250. Due \$250 yearly on Sept. 1 from 1915 to 1924 incl.
2,300 Fifth St. paving bonds. Denom. \$230. Due \$230 yearly on Sept. 1 from 1915 to 1924 incl.
1,300 Seventh St. sewer bonds. Denom. \$260. Due \$260 yearly on Sept. 1 from 1915 to 1919 incl.
1,800 Sixteenth St., Hudson Ave., Fairview and Highland Blvd. bonds. Denom. \$360. Due \$360 yearly on Sept. 1 from 1915 to 1919 incl.
Auth. Sec. 3914, Gen. Code. Date Sept. 1, 1914. Int. M. & S. Cert. check on a Coshocoton County bank for 10% of bonds bid for, required. Bonds to be delivered and paid for within 10 days from time of award. Purchaser to pay accrued interest.

CRITTENDEN COUNTY (P. O. Marion), Ark.—BOND OFFERING.—Further details are at hand relative to the offering on Nov. 3 of the \$325,000 6% 1-30-yr. (ser.) coupon tax-free road bonds (V. 99, p. 1159). Bids for these bonds will be received until 12 M. on that day by F. K. Lashbrook, Secy. Board of Comms. Denom. \$1,000. Date Aug. 1, 1914. Int. F. & A. at Chicago Title & Trust Co., Chicago. Cert. check for 2%, payable to above secretary, required. No bonded debt. Assess. val. 1913 \$9,133,066.

CROOKSVILLE SCHOOL DISTRICT (P. O. Crooksville), Perry County, Ohio.—BONDS AUTHORIZED.—Reports state the Board of Education has authorized the issuance of \$35,000 bldg. bonds.

CUYAHOGA COUNTY (P. O. Cleveland), Ohio.—BOND ELECTION.—According to reports, an election will be held Nov. 3 to vote on the question of issuing \$3,500,000 bridge and \$1,500,000 Cuyahoga River impt. bonds.

DAKOTA, Dakota County, Neb.—BONDS NOT SOLD.—No sale has been made of the \$4,000 6% 5-20-yr. (opt.) electric light bonds which this village has been offering for sale (V. 99, p. 360). Denom. \$500. Date Aug. 1, 1914. Int. F. & A.

DALLAS, Polk County, Ore.—BOND OFFERING.—Reports state that bids will be received until 6:30 p. m. Oct. 26 by Chas. Gregory, City Auditor, for \$7,500 6% 10-year sewage-disposal bonds. Denom. \$100. Certified check for 10% of bid required.

DAVIS CITY, Decatur County, Iowa.—BOND OFFERING.—I. A. Brown, City Clerk is offering for sale an issue of \$2,500 5½% coupon water works completion bonds. Denom. \$500. Int. semi-annually in Davis City. Due \$500 every other year from 1917 to 1925, inclusive. Cert. check for \$50, payable to W. A. Cummings, City Treas., required. Bonded debt (not including this issue) \$6,500; no floating debt; assess. val. 1913, \$300,000.

DEFIANCE COUNTY (P. O. Defiance), Ohio.—BOND OFFERING.—Proposals will be received by Roger Daoust, County Aud., until 12 M. Nov. 2, it is stated for \$32,000 5% 2-9-yr. (ser.) road bonds. Int. semi-annually. Certified check for \$500 required.

DELAWARE COUNTY (P. O. Muncie), Ind.—BONDS NOT SOLD.—No bids were received on Oct. 15 for the \$5,600 4½% highway impt. bonds offered on that day (V. 99, p. 1081).

DE SOTA COUNTY (P. O. Arcadia), Fla.—BOND OFFERING.—Further details are at hand relative to the offering on Nov. 4, of the \$350,000 6% 30-yr. coup. road and bridge dist. No. 5, bonds (V. 99, p. 1081). Bids for these bonds will be received until 2 p. m. on that day by the Bd. of Co. Comms., A. L. Durrance, Clerk of Circuit Court. Denom. \$500. Date Oct. 1, 1914. Int. A. & O. at office of Co. Treas. Bids for these bonds are requested as 30-yr. straight bonds or that county has option to redeem one-thirtieth yearly after Oct. 1, 1917. Cert. check for 2% of bid, required. Official circular states that there has been no former bond issue, therefore no contest nor default in payment of interest or principal

and that there is no litigation or controversy pending or threatening the corporate existence of boundaries of the district, or the titles of the respective officials to their respective offices, or the validity of these bonds. Assess. val. of dist. 1914 (approx.) \$1,420,000. These bonds were offered without success on Oct. 6. V. 99, p. 1081).

DE WITT, Saline County, Neb.—BONDS VOTED.—Reports state that the questions of issuing electric-light and park bonds carried at the election held Oct. 16 by a vote of 95 to 16 and 70 to 40, respectively.

DICKENSON COUNTY (P. O. Clintwood), Va.—BONDS NOT YET SOLD.—We are advised by the County Clerk under date of Oct. 16 that no sale has yet been made of the \$32,000 5% Kenady Magisterial District bonds offered in March (V. 99, p. 489). Denom. \$500 and \$1,000. Date Jan. 1, 1914. Int. J. & J. Due 1 to 30-yr. serial.

DOYLESTOWN VILLAGE SCHOOL DISTRICT (P. O. Doylestown), Wayne County, Ohio.—BOND SALE.—On Oct. 17 the \$1,200 5% coupon school bonds (V. 99, p. 1081) were awarded to the Doylestown Banking Co. of Doylestown for \$1,210 equal to 100.833.

DRESDEN, Weakley County, Tenn.—BOND ELECTION.—An election will be held Nov. 21, it is stated, to vote on the question of issuing \$27,000 water and light bonds.

EAST FORK IRRIGATION DISTRICT (P. O. Hood River), Hood River County, Ore.—BONDS AWARDED IN PART.—Reports state that up to Oct. 17 \$23,000 of the \$25,000 6% coupon tax-free improvement bonds offered without success on Oct. 6 (V. 99, p. 1160) had been disposed of to local investors.

ELLIOTT, Montgomery County, Iowa.—AMOUNT OF BONDS TO BE VOTED UPON.—According to reports, the amount of water works bonds to be voted upon at the election to be held Nov. 9 (V. 99, p. 1160) is \$8,000.

ENCINAL SCHOOL DISTRICT, Sutter County, Calif.—BOND SALE.—We are advised that the \$5,000 bldg. bonds voted July 25 (V. 99, p. 284) have been disposed of.

ERIE COUNTY (P. O. Sandusky), Ohio.—BOND OFFERINGS.—Proposals will be received until 12 m. Nov. 9 (date changed from Nov. 1) by Hayes M. Adams, Co. Aud., for \$30,000 5% Main Market and inter-county highway-improve't bonds (V. 99, p. 1160). Auth. Sec. 1223, Gen. Code. Denom. \$500. Date Nov. 9, 1914. Int. M. & N. at office of Co. Treas. Due \$3,000 yearly on Nov. 9 from 1915 to 1924 incl. Cert. check for 5% of bonds bid for, payable to Board of Co. Comms., required. Bonds to be delivered and paid for within 10 days from time of award. Purchaser to pay accrued interest. Cert. check must be unconditional.

Hayes M. Adams, Co. Aud. will receive bids until 12 m. Nov. 16, for \$28,000 5% Main Market road No. 13 improvement bonds. Auth. Sec. 1223, Gen. Code. Denom. \$400. Date Nov. 16, 1914. Int. M. & N. at office of Co. Treas. Due \$2,800 yearly on Nov. 16 from 1915 to 1924, incl. An unconditional cert. check for 5% of bonds bid for, payable to Board of Co. Comms., required. Bonds to be delivered and paid for within 10 days from time of award. Purchaser to pay accrued interest.

ESCONDIDO, San Diego County, Calif.—BONDS NOT YET SOLD.—We are advised by the City Treas. that up to Oct. 13 no sale had yet been made of the \$25,000 5% 25½-yr. (aver.) municipal water works bonds. These bonds are part of an issue of \$100,000, \$75,000 of which was purchased by the State Board of Control (V. 99, p. 622).

ETNA MILLS, Siskiyou County, Calif.—BONDS AWARDED IN PART.—Of the \$21,000 6% 1-21-yr. (ser.) sewer bonds offered without success on Oct. 1, \$3,000 has been disposed of. Denom. \$1,000. Int. A. & O. Due part yearly on Oct. 1.

EVANSVILLE SCHOOL CITY (P. O. Evansville), Vanderburgh County, Ind.—BONDS AWARDED IN PART.—Reports state that on Oct. 15 \$80,000 of the \$128,000 4% tax-free deficiency bonds (V. 99, p. 915) were awarded as follows:

\$24,000 to John W. Boehne for \$24,424.20 equal to 101.767.
24,000 to A. L. Bernardin, of Evansville at 100.75.
25,000 to Citizens Nat'l Bank of Evansville at 100.02.
7,000 to Chas. F. Smith, Prest. of Mercantile Trust & Savings Bank of Evansville (for clients) at 100.20.

It is further reported that the remaining \$48,000 will be re-offered for sale later.

FLINT, Genesee County, Mich.—BOND ELECTION PROPOSED.—It is stated in local papers that the question of issuing sewer and paving bonds will be submitted to the voters in November.

FORSYTH, Rosebud County, Mont.—BOND SALE.—Reports state that Jas. N. Wright & Co. of Denver have been awarded at par the two issues of 6% 10-20-yr. (opt.) bonds aggregating \$20,000 offered on Sept. 26 (V. 99, p. 843).

FORT ATKINSON SCHOOL DISTRICT (P. O. Fort Atkinson), Winnebago County, Iowa.—BONDS DEFEATED.—At the election held Oct. 12 the proposition to issue \$8,000 bldg. bonds failed to carry by a vote of 39 "for" to 94 "against." These bonds were previously defeated at an election held Aug. 24 (V. 99, p. 688).

FRANKLIN COUNTY (P. O. Columbus), Ohio.—BOND SALE.—On Oct. 17 the five issues of 5% road impt. bonds, aggregating \$105,500 (V. 99, p. 997), were awarded, as follows:

To F. W. Freeman of Columbus at par and interest.
\$20,000 1-10-yr. (ser.) State St. Washington Road impt bonds.
30,000 1-5-yr. (ser.) Georgesville Road impt. bonds.
To R. L. Dollings Co. of Hamilton at par and interest.
\$7,500 2-10-yr. (ser.) East Fifth St. road impt. bonds.
30,500 5 1-3-yr. (aver.) highway No. 1 bonds.
17,500 4 2-3-yr. (aver.) highway No. 50 bonds.

There were no other bidders.

GALLMAN CONSOLIDATED SCHOOL DISTRICT, Copiah County, Miss.—BOND OFFERING.—Bids will be received until Nov. 2 by R. B. Greenlee, Prest. Bd. of Comm., for \$5,000 6% bldg. and equip. bonds. Denom. \$100. Date Sept. 1, 1914. Int. annual. Due \$100 yearly Sept. 1 from 1925 to 1938, incl., and \$3,600 Sept. 1, 1939. These bonds were offered but not sold on Sept. 7. (V. 99, p. 688).

GARY, Lake County, Ind.—BONDS NOT SOLD.—According to reports it is quite probable that the Fletcher-American National Bank, of Indianapolis, will not get the \$60,000 5% 20-yr. coup. water works bonds offered on Oct. 13, for which it bid 101.75. (V. 99, p. 997) The city authorities have decided to let the Steel Corporation extend its water mains to the Ridge road district. This will obviate the necessity of building an additional water works.

GENEVA SCHOOL TOWNSHIP (P. O. Scipio), Jennings County, Ind.—BOND OFFERING.—Proposals will be received until 11 a. m. Oct. 24 by A. J. Hulse, Trustee, it is stated, for \$2,300 4½% bldg. bonds.

GEORGIANA, Butler County, Ala.—BOND SALE.—J. B. McCreary & Co. of Atlanta were awarded at par on Sept. 28 \$14,000 water works and \$10,000 school 5% bonds. Denom. \$1,000. Int. semi-annually. Due in 1944.

GLENDALE, Maricopa County, Ariz.—BONDS NOT TO BE RE-OFFERED AT PRESENT.—The Town Clerk advises us that the town has "no intention of re-offering at present or in the near future" the three issues of 6% gold coupon tax-free municipal bonds aggregating \$46,000, offered without success on Aug. 17 (V. 99, p. 622).

GLENMORA SCHOOL DISTRICT No. 27 (P. O. Glenmora), Rapides Parish, La.—BONDS VOTED.—According to reports, the question of issuing \$25,000 bldg. bonds carried at the recent election.

GLOUCESTER CITY, Camden County, N. J.—BOND OFFERING.—Bids will be received until 8 p. m. Nov. 5, by W. D. Kenny, Chairman of Finance Committee of Common Council, for the \$20,000 5% 30-yr. coup. or reg. school bonds authorized by the council on Sept. 30. (V. 99, p. 1081). Date Nov. 1, 1914. Int. M. & N. Cert. check for 5% of bonds bid for, payable to City Treas., required.

GOODING COUNTY SCHOOL DISTRICT No. 3 (P. O. Bliss), Idaho.—BOND SALE.—On Oct. 10 an issue of \$2,000 6% bldg. bonds was awarded to State of Idaho at par. Denom. \$100. Date July 1, 1914. Int. J. & J. Due in 1929.

GOODNOE HILLS IRRIGATION DISTRICT (P. O. Goodnoe Hills), Klickitat County, Wash.—BONDS NOT YET SOLD.—The District President advises us under date of Oct. 14 that no sale has yet been made of the \$20,000 6% 11-20-yr. (ser.) bonds offered without success on March 24 (V. 99, p. 843).

GRANITE SCHOOL DISTRICT, Sacramento County, Calif.—BONDS NOT YET SOLD.—Up to Oct. 13 no sale had been made of the \$30,000 5% school bonds offered without success on June 2 (V. 99, p. 1865).

GREECE, Monroe County, N. Y.—BOND OFFERING.—Proposals will be received until 8 p. m. Oct. 29 by H. T. Hughes, Town Clerk, for \$25,000 registered water-works bonds at not exceeding 5% int. Denom. \$500. Date Nov. 1 1914. Interest annually on Feb. 1 at some banking office at Rochester in N. Y. exchange. Due \$1,000 yearly on Feb. 1 from 1916 to 1925, inclusive, and \$1,500 yearly on Feb. 1 from 1926 to 1935, inclusive. Certified check for \$1,000, payable to Frank L. Dobson, Town Supervisor, required.

GREEN CAMP SCHOOL DISTRICT, (P. O. Green Camp) Marion County, Calif.—BOND SALE.—On Oct. 15, the \$2,750 6% 3 1-3-yr. (aver.) heating and ventilation system constr. bonds (V. 99, p. 915) were awarded to the People's Bank of Green Camp at par and interest. The First Nat. Bank of Barnesville bid \$2,753, but the bid was received too late for consideration.

HAMILTON COUNTY (P. O. Cincinnati), Ohio.—BOND SALES OVER COUNTER.—Reports state that of the \$800,000 4 1/2% 30-year flood-emergency bonds being offered "over the counter," \$346,500 had been disposed of up to Oct. 22. This makes a total of \$86,500 sold since our last report (V. 99, p. 1081).

HARTWELL, Hart County, Ga.—BOND OFFERING.—Proposals will be received until Nov. 15 by J. L. Teasley, Secy. & Treas., for the \$33,000 7-22 yr. (ser.) water and \$13,000 23-26-yr. (ser.) sewer 5% bonds voted Sept. 2 (V. 99, p. 767). Denom. \$1,000.

HASKELL, Muskogee County, Okla.—BOND SALE.—The \$20,000 sewer construction bonds offered on Sept. 28 (V. 99, p. 915), have been taken by L. J. Roach, contractor of Tulsa in payment for work.

HAWKINS COUNTY (P. O. Rogersville), Tenn.—BOND OFFERING.—Bids will be received until Nov. 21 at office of Clerk of Co. Court by Albert Lyons, Rod Miller and A. L. Burem, committee, for \$18,000 5% 1-18-yr. (ser.) bridge bonds. Denom. \$1,000. Int. ann.

HAWTHORNE SCHOOL DISTRICT (P. O. Hawthorne), Los Angeles County, Calif.—BOND ELECTION.—An election will be held Oct. 30, reports state, to submit to the voters the proposition to issue \$45,000 building bonds.

HILLSDALE, Hillsdale County, Mich.—BONDS PROPOSED.—Reports state that this city is contemplating the issuance of \$1,250 emergency bonds.

HOLTVILLE, Imperial County, Calif.—BONDS VOTED.—According to reports, the questions of issuing \$30,000 sewerage and \$2,000 Alamo River bridge bonds carried at the election held Oct. 10.

HUMBOLDT COUNTY (P. O. Eureka), Calif.—BONDS NOT SOLD.—No bids were received for the \$150,000 4% State highway bonds offered on Oct. 13 (V. 99, p. 688).

HUMESTON, Wayne County, Iowa.—BONDS AWARDED IN PART.—We stated in V. 98, p. 176 that Ulen & Co., of Chicago were offering to investors \$21,000 5 1/2% water works system bonds. It now appeared that the firm mentioned accepted \$15,000 of the issue. An additional \$10,000 issue of water-works system bonds will be submitted to a vote on Nov. 3. (See V. 99, p. 1081).

IMPERIAL IRRIGATION DISTRICT (P. O. El Centro), Imperial County, Calif.—BOND ELECTION.—Reports state that the election to vote on the question of issuing the \$3,500,000 bonds to purchase the Calif. Development Co.'s water system (V. 99, p. 361) will be held Oct. 29.

IRON MOUNTAIN, Dickinson County, Mich.—BOND ELECTION PROPOSED.—According to reports, the questions of issuing \$30,000 sewer and \$20,000 Stephenson Ave. paving bonds will be submitted to the voters in November.

JACKSONVILLE, Athens County, Ohio.—BOND OFFERING.—Proposals will be received until 12 m. Nov. 18, by C. N. Darst, Village Clerk, for \$1,000 6% coupon fire engine purchase bonds. Denom. \$200. Date Sept. 1, 1914. Int. M. & S. Due \$200 yearly on March 1, from 1916 to 1920 inclusive. Cert. check on an Athens County bank for \$100 payable to Village of Jacksonville, required. Bids must be unconditional.

JANESVILLE, Rock County, Wisc.—BOND SALE.—On Oct. 15, \$9,000 4 1/2% Douglas school impt. bonds were awarded to local investors at par. Denom. \$500. Date Oct. 1 1914. Int. J. & J. Due \$1,000 yrly. on July 1, from 1915 to 1923 incl.

JASPER COUNTY (P. O. Rensselaer), Ind.—BOND OFFERING.—According to reports, proposals will be considered by Jos. P. Hammond, Co. Treas., until 2 p. m. Nov. 5, for \$3,899.10 and \$1,494.99 5% 10-yr. ditch bonds.

JENNINGS COUNTY (P. O. Vernon), Ind.—BOND OFFERING.—Proposals will be received until 11 a. m. Oct. 28 by Henry Harman, Co. Treas., for \$2,500 4 1/2% G. F. Haines et al road impt. bonds in Lovett Twp. Denom. \$125. Date Oct. 15, 1914. Int. M. & N. Due \$125 each six months from May 15, 1916 to Nov. 15, 1925, incl.

JOLIET, Will County, Ill.—PURCHASER OF BONDS.—The purchaser of the \$58,000 5% refunding bonds awarded on Sept. 30 (V. 99, p. 1161), was N. W. Halsey & Co. of Chicago. Denom. \$500. Date Oct. 10, 1914. Int. A. & O. Due \$3,000 yearly, Oct. 10, from 1915 to 1933, inclusive and \$1,000 Oct. 10, 1934. Using newspaper reports we first stated that the amount of the issue sold was \$58,800.

KANSAS.—BONDS PURCHASED BY STATE.—During the third quarter ending Sept. 30 the following bonds were purchased by the State of Kansas at par.

Twenty Issues, Aggregating \$96,791 54, Purchased During July.				
Amount.	Place.	Rate.	Purpose.	Date.
\$30,000 00	Burlington, Bd. of Ed.	5	School building	July 1 1914 July 1 '16-'34
7,500 00	Canton	5	Electric light	July 1 1914 July 1 1934
900 00	Clay Co. S. D. 89	5	School building	July 1 1914 Jan. 1 '16-'18
600 00	Coffey Co. S. D. 73	5	School building	July 1 1914 Jan. 1 '17-'19
6,000 00	Comanche Co. S. D. 1	5	School building	July 1 1914 Jan. 1 '24-'29
1,000 00	Cowley Co. S. D. 102	5	School building	July 1 1914 July 1 '15-'19
1,200 00	Dickinson Co. S. D. 13	5	School building	July 1 1914 July 1 '15-'18
1,800 00	Doniphan Co. S. D. 5	5	School building	July 1 1914 July 1 '15-'18
1,500 00	Greenwood & Lyon Cos.	5	School building	July 1 1914 July 1 '16-'21
7,500 00	Jetmore	5	Water-works	July 1 1914 July 1 1934
6,491 54	Johnson Co. S. D. 79	5	School building	July 1 1914 July 1 '21-'29
4,000 00	Kiowa Co. S. D. 36	5	School building	July 1 1914 July 1 '16-'23
700 00	Leavenworth Co. S. D. 55	5	School building	July 1 1914 July 1 '15-'19
3,000 00	Lyon Co. S. D. 93	5	School building	July 1 1914 Jan. 1 '15-'24
1,200 00	Ottawa Co. S. D. 15	5	Schoolhouse	Aug. 1 1914 Jan. 1 '15-'16
700 00	Phillips Co. S. D. 108	5	School building	Aug. 3 1914 Jan. 1 '16-'22
1,200 00	Pratt Co. S. D. 69	5	School building	July 1 1914 July 1 '15-'26
5,000 00	Riley Co. S. D. 1	5	School building	July 22 1914 Jan. 1 '15-'20
8,000 00	Washington Twp. S. D., Jackson County	5	High-sch. bldg.	July 1 1914 July 1 1930
8,500 00	Wyandotte Co. S. D. 10	5	School building	Aug. 8 1914 July 1 '16-'19

Fifteen Issues, Aggregating \$108,805 38, Purchased During August.				
Amount.	Place.	Rate.	Purpose.	Date.
\$2,695 53	Chanute	5	Internal impt.	Aug. 1 1914 Aug. 1 '15-'24
4,911 94	Chanute	5	Internal impt.	Aug. 1 1914 Aug. 1 '15-'22
4,000 00	Crawford Co. S. D. 84	5	School building	Aug. 15 1914 Jan. 1 '15-'22
18,537 91	El Dorado	5	City impt.	July 1 1914 July 1 '15-'24
5,000 00	Elsworth Co. S. D. 4	5	School building	July 1 1914 July 1 '19-'28
3,500 00	Greeley Co. S. D. 1	5	School building	Aug. 1 1914 July 1 '16-'22
18,000 00	Hutchinson	5	Internal impt.	June 1 1914 June 1 '15-'24
10,000 00	Lyon and Osage Cos.	5	High-sch. bldg.	July 1 1914 Jan. 1 '15-'29
15,000 00	Manhattan	5	Internal impt.	July 1 1914 July 1 '15-'16
4,000 00	Rice Co. S. D. 28	5	Schoolhouse	Sept. 1 1914 Jan. 1 '16-'23
1,400 00	Rice Co. S. D. 98	5	School building	July 1 1914 Jan. 1 '15-'18
7,000 00	Riley Co. Un. S. D. 29	5	School building	Aug. 15 1914 Jan. 1 '16-'22
1,260 00	Scammon	5	Water-works	Aug. 1 1914 Feb. 1 1917
12,500 00	Washington	5	Water-works	July 1 1914 July 1 '28-'32
1,000 00	Woodson Co. S. D. 66	5	School building	July 1 1914 Jan. 1 '15-'29

* These bonds were purchased by the State from brokers.

KANAWHA COUNTY (P. O. Charleston), W. Va.—NO ACTION YET TAKEN.—No action has yet been taken looking towards the issuance of the road bonds mentioned in V. 99, p. 361.

KEEWATIN, Itasca County, Minn.—BONDS AWARDED IN PART.—Of the three issues of 5% bonds aggregating \$150,000 offered on Oct. 5 (V. 99, p. 998) \$75,000 has been awarded, it is stated to Fred Myers, of Biwabik at par and int.

KENMORE SCHOOL DISTRICT, (P. O. Kenmore), Summit County, Ohio.—BOND ELECTION.—The question of issuing \$17,000 site purchase and constr. bonds will be submitted to the voters on Nov. 3, it is reported.

KENTON, Hardin County, Ohio.—BONDS NOT SOLD.—Newspaper despatches state that no bids were received on Oct. 22 for the four issues of 5% bonds aggregating \$15,000 offered on that day. (V. 99, p. 998).

KINGSTON, Lenoir County, No. Caro.—BOND SALE.—The Security Trust Co. of Spartanburg has been awarded at par and int. the \$100,000 5% 30-yr. paving and sewer bonds offered without success on July 24. (V. 99, p. 1082).

KIRKWOOD, St. Louis County, Mo.—DESCRIPTION OF BONDS.—The \$15,000 city hall and jail building bonds awarded in June to the City Sinking Fund at par (V. 99, p. 66) bear interest at the rate of 5% and in denom. of \$500. Date May 1, 1914. Int. M. & N. Due May 1, 1934.

KNOX COUNTY (P. O. Knoxville), Tenn.—OPTION GRANTED TO PURCHASE BONDS.—Local papers state that on Oct. 15 the Finance Committee of the Co. Court granted an option for fifteen days to H. M. Johnston, Pres. of the Union Natl. Bank of Knoxville for the purchase at par and interest the \$100,000 5% 20-yr. school building bonds offered without success on Sept. 30. (V. 99, p. 1082).

LA HABRA SCHOOL DISTRICT, Orange County, Calif.—BOND SALE.—The \$38,000 6% 1-19-yr. (ser.) bldg. site purchase and equip. bonds (V. 99, p. 67) were awarded on July 21 to Torrance Marshall & Co., of San Francisco for \$39,685 (104.434) a basis of about 5.42%. Denom. \$2,000. Date Aug. 1, 1914. Int. F. & A. Due \$2,000 yearly from 1915 to 1933, inclusive.

LAKE COUNTY (P. O. Tavares), Fla.—BOND OFFERING.—Bids will be received until 12 m. Nov. 21, it is stated, by H. H. Duncan, Clerk Bd of Commrs., for \$500,000, 6% 23 1/2-yr. (aver.) road bonds. Cert. check for 5% required. A similar issue of bonds was offered without success on Oct. 17. (V. 99, p. 915).

LAKE COUNTY (P. O. Crown Point), Ind.—BOND SALE.—We are advised that \$99,000 4% 5 1/2-yr. (aver.) gravel road bonds have been sold at par as follows: \$84,000 to the Fletcher-American Nat'l Bank, Indianapolis; \$12,000 to Breed Elliott & Harrison, Indianapolis and \$3,000 to the People's State Bank of Crown Point.

LAKEWOOD, Cuyahoga County, Ohio.—BONDS NOT SOLD.—We learn that no bids were received on Oct. 19, for the four issues of 5% bonds aggregating \$68,090 offered on that day (V. 99, p. 1161).

LAMOILLE SCHOOL DISTRICT (P. O. Lamolille), Marshall County Iowa.—BOND SALE.—Geo. M. Bechtel & Co. of Davenport were awarded an issue of \$12,000 5% 6 1-3-yr. (aver.) bldg. bonds during July for \$12,074, equal to 100.616. Denom. \$500. Date Sept. 1, 1914. Int. M. & S. Due \$1,000 yearly from 1917 to 1923 incl. and \$5,000 in 1924.

LANYON CONSOLIDATED SCHOOL DISTRICT (P. O. Lanyon), Webster County, Iowa.—BONDS VOTED.—The question of issuing \$16,000 4 1/2% site purchase and constr. bonds carried at the election held Oct. 6, by a vote of 61 to 22.

LAREDO, Webb County, Tex.—BOND OFFERING.—Proposals will be received until Nov. 3 by A. V. Woodman, City Secy., for \$24,000 5% 20-40-yr. (opt.) storm sewer constr. bonds. Auth. Art. 3, Sec. 52, Const. of Texas. Denom. \$1,000. Date Oct. 1, 1914. Int. A. & O. In New York, Austin or Laredo. No deposit required. These bonds are tax exempt. Bonded debt including this issue, \$108,000. Floating debt \$35,000. Asses. val. \$3,995,000. These bonds in addition with an issue of \$8,000 paving bonds were offered on Oct. 3 (V. 99, p. 844).

LA SALLE COUNTY (P. O. Cotulla), Tex.—BOND SALE.—According to local newspaper reports, this county has disposed of the \$40,000 road bonds voted June 20 (V. 99, p. 67).

LAWRENCE, Douglas County, Kans.—BOND SALE.—Local investors have purchased at par \$74,000 5% impt. bonds. Int. J. & J.

LEWIS SCHOOL TOWNSHIP (P. O. Brazil), Clay County, Ind.—BOND SALE.—On Oct. 16, the \$1,300 4 1/2% school bonds (V. 99, p. 998) were awarded to C. C. Snipp & Co. of Indianapolis. The price, it is stated, was par. There were no other bidders.

LEWISTON ORCHARDS HIGHWAY DISTRICT (P. O. Lewiston), Idaho.—BOND SALE.—On Oct. 13 the \$100,000 6% highway impt. bonds (V. 99, p. 1082), were awarded to the Warren Construction Co. of Portland, it is stated, at par.

LONDON VILLAGE SCHOOL DISTRICT (P. O. London), Madison County, Ohio.—BOND SALE.—On Oct. 15 the \$7,500 6% 6 1-3-yr. (aver.) refunding bonds (V. 99, p. 998), were awarded to J. C. Mayer & Co. of Cincinnati at 103.27 and interest—a basis of about 5 1/4%. Other bids were:

Davies Bertram Co., Cin. \$7,726.50 | Seasongood & Mayer, Cin. 7,673.25
Provident Sav. Bank and Fifth-Third Nat. Bk., Cin. 7,561.00
Trust Co., Cincinnati 7,673.75 | Stacy & Braun, Toledo 7,525.50

LONG BEACH, Los Angeles, Calif.—BONDS VOTED.—According to reports the question of issuing the \$30,000 harbor impt. bonds (V. 99, p. 916) carried at the election held Oct. 2.

LORAIN, Lorain County, Ohio.—BOND OFFERING.—Proposals will be received until 12 m. Nov. 17 by Geo. N. Damon, City Auditor, for the following coupon bonds:

\$11,000 5% general sewer bonds. Due \$1,000 yearly on Sept. 15 from 1915 to 1925 inclusive.
45,000 4 1/2% water works impt. bonds. Due \$9,000 yearly on Sept. 15 from 1920 to 1924 inclusive.

Denom. \$1,000. Date Sept. 15, 1914. Int. M. & S. at office of Sinking Fund Trustees. Cert. check on a Lorain bank or any national bank or trust company for \$1,000, payable to City Treasurer, required. Bonds to be delivered and paid for within 10 days from time of award. Purchaser to pay accrued interest. A complete transcript of the proceedings had relative to the issuance of each of the above bonds will be furnished the successful bidder, together with a sample copy of the printed bond on day of sale.

LOWNDES COUNTY (P. O. Columbus), Miss.—BONDS PROPOSED.—Notice is given that on Nov. 2, this county proposes to issue road bonds for Catafalpa Road Dist. in Supers. Dist. No. 5.

MADISON, Dane County, Wisc.—BONDS AWARDED IN PART.—The City Clerk advises us that up to Oct. 22, \$25,000 had been sold of the \$31,000 6% and \$28,000 5% street-impt. bonds offered "over the counter" in \$100 denominations. This makes a total of \$21,000 disposed of since our last report (V. 99, p. 1082). The 5% bonds are being sold at par, while the 6s are being sold at a premium to net the investor 5%.

MAGNOLIA TOWNSHIP CONSOLIDATED SCHOOL DISTRICTS (P. O. Magnolia), Harrison County, Iowa.—BONDS NOT SOLD.—No sale was made of the \$35,000 5% bldg bonds voted August 24 (V. 99, p. 689) offered for sale on Oct. 15.

MALTA SCHOOL DISTRICT (P. O. Malta), Valley County.—BONDS VOTED.—The question of issuing site purchase and constr. bonds carried, at the election held Oct. 10 by a vote of 103 to 7.

MAMING, Clarendon County, S. C.—BONDS VOTED.—Reports state that at the election held Oct. 13 the question of issuing the \$10,000 Savannah Western R. Rd. constr. bonds (V. 99, p. 1082) carried by a vote of 99 to 1.

MANKATO, Blue Earth County, Minn.—BONDS VOTED.—By a vote of 540 to 13 the proposition to issue the \$67,000 4% refunding bonds (V. 99, p. 844) carried at the election held Oct. 1.

MARION COUNTY (P. O. Indianapolis), Ind.—BOND OFFERING.—Reports state that bids will be received until Dec. 7, by Wm. T. Patten, Co. Aud., for the \$300,000 4 1/2% West Washington St. bridge bonds, authorized by the Co. Council on June 10. (V. 98, p. 1867). and \$150,000 4 1/2% New York St. bridge bonds.

MARION COUNTY, Ohio.—BOND OFFERING.—Proposals will be received until 12 m. Nov. 14, by the Road Commissioners (care Conley & Johnson, P. O. Marion), for \$10,500 6% coup. Roberts Free Turnpike road bonds. Auth. Sec. 7283 Gen. Code. Demon. (2) \$400, (1) \$700,

(18) \$500. Date Nov. 14 1914. Int. M. & S. at office of Co. Treas. Due \$400 Sept. 1 1915 and 1916, \$500 Mar. 1 1915 and 1916, and \$500 each six months from Mar. 1 1917 to Sept. 1 1923 incl. and \$700 Mar. 1 1924, except that on Mar. 1 1922 and Sept. 1 1923, \$1,000 is due. Cert. check on a Marion Co. bank for \$200, payable to Bd. of Road Commrs., required. Bonds to be delivered upon day of sale or in such reasonable time thereafter as may be required for printing. Purchaser to pay accrued interest. These bonds were offered as 5½% on Oct. 17 (V. 99, p. 1082) but no bids were received.

MARTIN COUNTY (P. O. Fairmont), Minn.—OPTION GRANTED TO PURCHASE BONDS.—Reports state that the Board of Co. Commrs. on Oct. 10 gave an option to the Minnesota Loan & Trust Co. of Minneapolis to purchase bonds to be issued for constr. of ditches of Judicial Ditches Nos. 35, 39 and 40, aggregating \$50,000, at 5½% interest payable semi-annually. The option expires Nov. 1.

MAYVILLE, Chautauque County, N. Y.—BOND OFFERING.—Bids will be received until 8 p. m. Nov. 2 by W. H. Scofield, Clerk Board of Village Trustees, for \$9,700 power and light bonds at not exceeding 5% interest, payable semi-annually. Due \$700 in 1 year and \$1,000 yearly from 2 to 10 years, incl. Cert. check for 2% of bid, required. These bonds were voted at an election held Oct. 10.

MEDFORD Middlesex County, Mass.—BONDS SALE.—Reports state that E. H. Rollins & Sons of Boston have purchased \$48,000 4½% municipal impt. bonds.

MELSTONE, Musselshell County, Mont.—BOND OFFERING.—Proposals will be received until 12 m. Nov. 16 by A. F. Warner, Town Clerk, it is stated, for \$20,000 6% 20-yr. gold coupon tax-free water-works bonds. Denom. \$500. Int. semi-annual. Cert. check for \$1,000 payable to the Town Treas., required. Bonded debt this issue. Floating debt \$500. Assess. val. 1914, \$182,154. These bonds were previously offered on Oct. 5 (V. 99, p. 689).

MERCED SCHOOL DISTRICT, Merced County, Calif.—BOND SALE.—On issue of \$3,500 6% serial bldg. bonds was awarded on May 5 to H. S. Shaffer for \$3,540—equal to 101.142. Denom. 500. Date June 1, 1914. Int. J. & D.

MILLS COUNTY (P. O. Glenwood), Iowa.—BOND ELECTION PROPOSED.—Reports state that an election will be held in the near future to vote on the question of issuing \$10,000 jail constr. bonds.

MILWAUKIE, Clackamas County, Ore.—BONDS AUTHORIZED.—On Oct. 14 the City Auditor was authorized to issue \$27,500 Front St. Impt. bonds, it is stated.

MINEOLA SCHOOL DISTRICT (P. O. Mineola), Nassau County, N. Y.—BONDS VOTED.—Reports state that the voters of this district on Oct. 21 voted in favor of the issuance of \$40,000 school-bldg. bonds.

MODESTO IRRIGATION DISTRICT (P. O. Modesto), Stanislaus County, Calif.—BOND OFFERING.—Proposals will be received until 10 a. m. Oct. 26 by the Board of Directors of District, C. S. Abbott, Sec., for the \$500,000 main canal enlargement and \$110,000 canal impt. 6% bonds. Int. semi-ann. Purchaser to pay accrued int. Bonds will be ready for delivery in about 30 days after acceptance of bid. These bonds have been approved by the State Irrigation Bond Commission. These bonds were offered without success on Aug. 15 (V. 99, p. 558).

MONETT, Barry County, Mo.—BOND OFFERING.—P. Martin, Mayor is offering at private sale \$20,000 5% 10-20-yr. (opt.) reg. tax-free water-works-system-impt. bonds. Denom. \$500. Date Aug. 1, 1914. Int. F. & A. at place to suit purchaser. Cert. check for \$1,000, payable to Mayor, required. Bonded debt (not incl. this issue), \$53,300. Floating debt, \$15,000. Assessed val. \$910,000. A similar issue of bonds was offered on Aug. 15 (V. 99, p. 491).

MONROE, Walton County, Ga.—BOND OFFERING.—Additional information is at hand relative to the offering on Nov. 1 of the \$19,000 5% 30-yr. tax-free school bldg. and impt. bonds (V. 99, p. 1082). Denom. \$1,000. Date Nov. 1, 1914. Int. ann. on Nov. 1, at U. S. Mtge. & Tr. Co., N. Y. These are coupon bonds subject to registration. Bonded debt (incl. this issue), \$104,000; floating debt, \$5,418. Assessed val. 1914, \$1,503,697.

MONROE COUNTY (P. O. Bloomington), Ind.—BOND OFFERING.—Proposals will be received until 2 p. m. Nov. 6 (and from day to day thereafter until sold) by J. D. Hensley, Co. Treas., for \$8,400 4½% Walter A. Ketcham et al. pike bonds in Clear Creek Twp. Denom. \$420. Date Sept. 8, 1914. Int. M. & N. Due \$420 each six months from May 15 1915 to Nov. 15 1924 inclusive.

MONTGOMERY, Lycoming County, Pa.—BOND SALE.—On Oct. 1 the \$20,000 4% 5-30-yr. (opt.) street paving bonds (V. 99, p. 362) were awarded to local investors at par. Denom. \$100. Date Sept. 1, 1914. Int. M. & S.

MONTGOMERY COUNTY (P. O. Dayton), Ohio.—BOND OFFERING.—Bids will be considered by W. J. Asgling, Secy. of Co. Commrs. until 10 a. m. Nov. 5 1914, for \$15,000 5½% coupon emergency bridge bonds. Denom. \$1,000. Date Nov. 5 1914. Int. M. & N. at office of Co. Treas. Due \$2,000 yearly on Nov. 5, from 1915 to 1921 inclusive and \$1,000 Nov. 5 1922. Cert. check on a solvent bank or trust company for \$250, payable to Co. Aud., required. Bonds to be delivered to purchaser on Nov. 5. Bids must be unconditional.

BOND SALE.—On Oct. 3 for issue of 5% inter-county highway impt. bonds, aggregating \$92,100 were sold to the State Liability Board of Awards at par. These bonds were reported sold on Sept. 21 to the Dayton Saving & Trust Co. (V. 99, p. 916); this sale, however, was not consummated.

MONTPELIER, Williams County, Ohio.—BOND OFFERING.—Proposals will be received until 12 m. Nov. 7, (not Oct. 22 as first reported) by Ed. Summers, VII. Clerk, for \$10,000 6% coup. taxable street-paving (assess.) bonds (V. 99, p. 1082). Denom. \$1,000. Date Oct. 1 1914. Int. A. & O. Due \$1,000 yearly on Oct. 1 from 1915 to 1924 incl. Cert. check for 2% of bid, payable to Vil. Treas., required. Purchaser to pay accrued interest.

MOUNT PLEASANT, Titus County, Texas.—BONDS NOT SOLD.—No bids were received on Oct. 13 for the \$16,000 5% 40-yr. street impt. bonds offered on that day (V. 99, p. 768).

MOUNT VERNON, Skagit County, Wash.—NO BOND ELECTION.—The City Clerk advises us that there is no prospect of holding an election to vote on the question of issuing bonds to purchase the court house from the county (V. 99, p. 491).

MULTNOMAH COUNTY (P. O. Portland), Ore.—BOND OFFERING.—According to reports bids will be opened at 11 a. m. Nov. 9, for \$250,000 5% bridge bonds. Denom. \$100, \$500 and \$1,000. Due \$10,000 every 5 years. These bonds are part of an issue of \$1,250,000, \$625,000 of which was offered without success as 4½% on Aug. 25 (V. 99, p. 624).

MUSKEGON HEIGHTS, Muskegon County, Mich.—BOND ELECTION.—Reports state that an election will be held Nov. 3, to vote on the question of issuing \$25,000 water system ext. bonds. This proposition was to have been submitted to the voters on Oct. 5, but the action was later rescinded; see V. 99, p. 998.

NANTICOKE SCHOOL DISTRICT (P. O. Nanticoke), Luzerne County, Pa.—BOND SALE.—The First Nat'l Bank of Nanticoke was awarded on June 3 an issue of \$170,000 4½% bonds for \$171,644.90—equal to 100.967. Denom. \$1,000. Date July 1, 1914. Int. J. & J. Due \$7,000 yearly from 1915 to 1924 incl., \$5,000 yearly from 1925 to 1942, incl. and \$10,000, 1943.

NEPTUNE TOWNSHIP SCHOOL DISTRICT, Monmouth County, N. J.—BONDS NOT SOLD.—No sale was made on Oct. 15 of the \$75,000 5% coup. tax-free school bonds offered on that day (V. 99, p. 1082).

NEWARK, N. J.—BOND SALE.—The Commrs. of the Sinking Fund have purchased at par the \$500,000 4½% Board of Education administration building and \$150,000 4% Board of Works stable bonds (V. 99, p. 916).

NEWBURYPORT, Essex County, Mass.—DESCRIPTION OF BONDS.—We are advised that the \$55,000 4½% serial water bonds recently awarded to the Newburyport Five Cents Sava. Bank of Newburyport at 101.14 (V. 99, p. 1082) bear date of Oct. 1, 1914 and are in the denom. of \$1,000. Int. A. & O.

NEWPORT, Cocke County, Tenn.—BONDS NOT SOLD.—No sale was made on Oct. 15 of the \$25,000 5% 17 yr. (aver.) municipal impt. bonds offered on that day (V. 99, p. 1082).

NEWPORT SCHOOL DISTRICT, (P. O. Newport), Pend Oreille County, Wash.—BOND SALE.—An issue of \$5,000 1-20-yr. (opt.) school bonds was awarded to the State of Washington on Sept. 15 as 5½%. Denom. \$1,000. Date Sept. 15, 1914. Int. ann.

NILES, Trumbull County, Ohio.—BOND OFFERING.—Proposals will be received until 2 p. m. Nov. 6 by Homer Thomas, City Aud., for the \$100,000 4½% McKinley Memorial park bonds voted Sept. 5 (V. 99, p. 768). Denom. \$500. Date Nov. 2, 1914. Int. M. & N. Due \$10,000 yearly on Nov. 2 from 1915 to 1960 inclusive. Cert. check for 1% or bonds bid for, payable to City Treas., required. Bonds to be delivered and paid for within 10 days from time of award. Purchaser to pay accrued interest.

NORTH ANDOVER, Essex County, Mass.—BOND SALES.—This town has disposed of two issues of 4% bonds as follows: \$8,000 Merrimac school bonds to Geo. A. Fernald & Co., of Boston on July 27 at 100.56 and interest. Date May 1, 1914. Due \$1,000 yearly from 1915 to 1922, incl.

7,000 water bonds to Blodget & Co., of Boston on June 27 at 100.40 and interest. Date June 1, 1914. Due \$1,000 yearly from 1915 to 1921, incl. Denom. \$1,000. Int. semi-annually.

NORWOOD, Hamilton County, Ohio.—BOND OFFERING.—Proposals will be received until 12 m. Nov. 16 by G. P. Evans, City Aud. for the following 5% bonds:

18,000.00 street impt. (city's portion) coupon bonds. Denom. \$500. Int. semi-annually. Due in 20 years.

7,000.00 city hall coupon bonds. Denom. \$100. Int. semi-annually. Due in 20 years.

16,909.77 Highland Ave. impt. bonds. Denom. \$100 or multiples thereof. Due in 10 equal annual installments from 1 to 10 years inclusive.

8,216.05 Sherman Ave. impt. (assess.) bonds. Denom. \$100 or multiples thereof. Due in 10 equal annual installments from 1 to 10 years inclusive.

9,678.90 Sherman Ave. impt. (street railway portion) bonds. Denom. \$100 or multiples thereof. Due in 10 equal annual installments from 1 to 10 years inclusive.

Date Nov. 16, 1914. Cert. check for 5% of bonds, payable to City Treas., required. Purchaser to pay accrued interest. The amounts of the last three issues are subject to reduction by cash payments of any part of assessments in anticipation of which same are issued.

OAKWOOD, (P. O. Detroit), Wayne County, Mich.—BOND SALE.—The \$8,000 5% 30 yr. water ext. bonds voted Aug. 31 (V. 99, p. 492) were awarded to Matthew Finn of Detroit at par on Sept. 17. Denom. \$1,000. Date Sept. 15, 1914. Int. M. & S.

OKLAHOMA CITY, Oklahoma County, Okla.—BOND ELECTION Reports state that the proposition to issue \$250,000 storage reservoir constr. bonds will be submitted to the voters at the November election.

OMAHA SCHOOL DISTRICT (P. O. Omaha), Neb.—NO BOND ELECTION.—The Secy. Board of Education advises us that the questions of issuing \$950,000 bonds for a new high school of commerce, new grade schools and sites and \$450,000 for a new technical high school (V. 99, p. 287) will not be submitted to a vote this year.

ONEIDA, Madison County, N. Y.—BONDS DEFEATED.—Reports state that at the election held Oct. 14 the questions of issuing the following bonds were defeated: \$9,900 to remove deficiency in sewer fund (97 "for" to 161 "against"); \$4,800 to remove deficiency in paving fund (99 "for" to 160 "against"); \$3,000 fire appar. purchase (123 "for" to 136 "against") and \$2,300 to remove the deficiency in uncollected tax account (103 "for" to 163 "against").

OREGON, Ogle County, Ill.—BONDS VOTED.—The question of issuing the \$8,000 street-impt. bonds (V. 99, p. 1083) carried, reports state, at the election held Oct. 13.

OWENSBORO, Daviess County, Ky.—BOND ELECTION PROPOSED.—According to reports, this city is contemplating calling an election to vote on the question of issuing \$50,000 city hall constr. bonds.

PARK COUNTY SCHOOL DISTRICT No. 4, Mont.—BOND OFFERING.—Further details are at hand relative to the offering on Nov. 2, of the \$10,000 5% 10-20 yr. (opt.) site purchase and constr. bonds (V. 99, p. 999). Bids for these bonds will be received until 8 p. m. on that day by the Board of Trustees, E. M. Sybert, Clerk (P. O. Livingston). Denom. \$1,000. Date Dec. 1, 1914. Int. J. & J. at office of Co. Treas. or at some bank in N. Y. C. Cert. check for \$300, payable to above Clerk, required. Assessed valuation, \$3,833,175.

PARKER SCHOOL DISTRICT, Fresno Co., Calif.—BOND SALE.—The \$3,600 6% 1-12-yr. (ser.) school impt. and funding bonds, offered on Aug. 5 (V. 99, p. 363) have been sold for \$3,651—equal to 101.466.

PELHAM, Westchester County, N. Y.—BOND SALE.—The Southold Sav. Bank of Southold has taken an issue of \$5,000 4½% 5-14-yr. (ser.) refunding bonds. Denom. \$500. Date July 1, 1914. Int. J. & J. These bonds were taken in exchange for \$5,000 4½% bonds falling due 1914 and 1915, held by the same bank.

PEND OREILLE COUNTY SCHOOL DISTRICT No. 13, Wash.—BOND OFFERING.—Bids will be received by S. M. McGee, Co. Treas., until 4:30 p. m. Oct. 30 for \$1,500 5-20-yr. (opt.) funding bonds at not exceeding 6% interest. Denom. \$500. Date Nov. 15, 1914. Int. at office of Co. Treas.

PERKINS COUNTY (P. O. Bison), So. Dak.—BOND ELECTION PROPOSED.—According to reports the County Commrs. have passed a resolution calling for the submission of the proposition to issue \$66,000 5% funding bonds at the general election in Nov.

PIGEON SCHOOL TOWNSHIP (P. O. Evansville), Vanderburgh County, Ind.—WARRANT OFFERING.—Additional information is at hand relative to the offering on Nov. 5 of the \$17,000 6% school warrants (V. 99, p. 1162). Bids for these warrants will be received until 10 a. m. on that day by Wm. Atkins, Twp. Trustee. Denom. (14) \$1,100; (1) \$1,600. Int. semi-ann. Due \$1,100 yearly on Nov. 1 from 1915 to 1928 incl. and \$1,600 Nov. 1, 1929. Cert. check on an Evansville bank for \$500 payable to Twp. Trustee, required.

PIPESTONE, Pipestone County, Minn.—BONDS AUTHORIZED.—The City Council has passed a resolution providing for the issuance of \$4,000 6% street impt. bonds. Denom. \$500. Date Oct. 15, 1914. Due Nov. 15, 1915, subject to call any time.

PIRU SCHOOL DISTRICT, Ventura County, Calif.—BOND SALE.—The Fillmore State Bank of Fillmore has purchased \$4,000 5½% bonds at par and interest. Denom. \$500.

PLAINFIELD, Union County, N. J.—BOND SALE.—The City Nat. Bank of Plainfield was awarded an issue of \$13,000 1-3-yr. (opt.) street-impt. bonds at par on Sept. 1.

PLAINFIELD SCHOOL DISTRICT (P. O. Plainfield), Will County, Ill.—BONDS TO BE OFFERED NEXT YEAR.—Under date of Oct. 14, the Secy. of the Board of Education advises us that the school building bonds voted July 21 (V. 99, p. 363) will not be issued until 1915.

POCATELLO, Bannock County, Idaho.—BONDS TO BE OFFERED SHORTLY.—The City Clerk, Wm. H. Jackson Jr., advises us that this city will shortly offer for sale the \$400,000 water supply bonds voted Aug. 25 (V. 99, p. 689).

POLK COUNTY (P. O. Des Moines), Iowa.—BONDS TO BE OFFERED SHORTLY.—Reports state that this county will shortly offer for sale the \$100,000 bridge bonds mentioned in V. 99, p. 689.

POND SCHOOL DISTRICT, Kern County, Calif.—BOND SALE.—On Oct. 7, the \$6,000 6% coupon site-purchase and bldg. bonds were awarded to the security Trust Co., of Bakersfield at par and interest. Denom. \$500. Int. M. & S. at the Co. Treas. office. Due \$500 yearly Sept. 18, from 1919 to 1930, incl.

PORT OF SEATTLE (P. O. Seattle), King County, Wash.—BONDS NOT YET SOLD.—The Auditor advises us that no sale has yet been made of the unsold portion of the \$75,000 5% harbor impt. bonds of which approximately \$15,000 has been sold to local investors, as reported in V. 99, p. 363.

PORTSMOUTH, Rockingham County, N. H.—BOND SALE.—On Oct. 17, the \$57,000 4% refunding bonds (V. 99, p. 1162) were awarded to local investors at par. Denom. \$100, \$500 and \$1,000. Date Nov. 1, 1914. Int. M. & N. Due \$3,000 yearly, from 1916 to 1934 inclusive.

POSEY COUNTY (P. O. Mt. Vernon), Ind.—BOND SALE.—On Oct. 15 the \$5,700 4½% tax-free highway impt. bonds (V. 99, p. 917) were awarded to the First National Bank of New Harmony for \$5,701 (100.017) and interest. Denom. \$285. Date Oct. 15, 1914. Int. M. & N. Due \$285 each six months from May 15 1915 to Nov. 15, 1924, incl.

POWELL COUNTY (P. O. Deer Lodge), Mont.—BOND ELECTION.—Local newspaper reports state that the question of issuing \$100,000 court-house-constr. and equip. bonds will be submitted to a vote on Nov. 3.

PULASKI COUNTY (P. O. Winamac), Ind.—BOND OFFERING.—Bids will be considered until 3 p. m. Nov. 6 by J. J. Lowry, Co. Treas., for \$7,300 4½% A. K. Galbreath, highway impt. bonds in Monroe Twp. Denom. \$365. Date Oct. 6, 1914. Int. M. & N. Due \$365 each six months from May 15, 1916 to Nov. 15, 1925 incl.

QUEENSBURY UNION FREE SCHOOL DISTRICT No. 1 (P. O. Glens Falls), Warren County, N. Y.—BONDS NOT SOLD.—No satisfactory bids were received for the \$75,000 4½% 14.7-year (aver.) school bonds offered at public auction on Oct. 6 (V. 99, p. 917). This item was inadvertently reported under the head of Queensbury Union Free School Dist. No. 1, Ohio in V. 99, p. 1083.

RANDOLPH COUNTY (P. O. Winchester), Ind.—BOND OFFERING.—Proposals will be received until 11 a. m. Oct. 24, by H. D. Good, Co. Treas., for the following 4½% highway impt. bonds: \$9,100 Chas. F. Halliday et al road impt. bonds in Monroe Twp. Denom., \$455.

\$2,240 James Babb et al road impt. bonds in Monroe Twp. Denom. \$112. Date Oct. 5, 1914. Int. M. & N. Due one bond of each issue each six months for 10 years.

RAVALLI COUNTY SCHOOL DISTRICT No. 6 (P. O. Stevensville), Mont.—BOND SALE.—The \$5,000 6% 7½-10-yr. (opt. aver.) coup. school bonds (V. 99, p. 69) were awarded on July 18 to the state of Montana at par.

RICHMOND SCHOOL DISTRICT, Contra Costa County, Calif.—BOND OFFERING.—Bids will be received until Nov. 2, by the Clerk of Board of County Supers. (P. O. Martinez), for \$75,000 of an issue of \$150,000 bonds.

RIVERHEAD WATER DISTRICT (P. O. Riverhead), Suffolk County, N. Y.—BOND OFFERING.—Proposals will be received until 2 p. m. Nov. 5 by J. Fred Dugan, Town Clerk, for \$100,000 reg. water-system constr. bonds at not exceeding 5% int. Denom. \$1,000. Date Dec. 1 1914. Int. J. & D. at office of Town Clerk. Due \$5,000 yrly. on Dec. 1 from 1915 to 1934 incl. Cert. check for 2% of bonds bid for, payable to Dwight T. Corwin, Town Super., required. Assess. val. of dist., 1913, \$1,383,725.

RIVERSIDE COUNTY (P. O. Riverside), Calif.—NO ACTION YET TAKEN.—The Clerk of the Board of Supers. advises us that no action has yet been taken looking towards the issuance of the Mecca District road bonds voted in July (V. 99, p. 426), as the issuance of these bonds is being contested.

ROCK HILL, York County, S. C.—BONDS NOT SOLD.—No sale was made on Oct. 15 of the \$50,000 5% tax-free building bonds offered on that day (V. 99, p. 1083).

ROCKY COMFORT SCHOOL DISTRICT, Riverside County, Calif.—BONDS NOT SOLD.—No bids were received for the \$4,000 6% school bonds offered on Oct. 7 (V. 99, p. 999).

ROSEAU COUNTY (P. O. Roseau), Minn.—BOND SALE.—We are advised that this county has disposed of the following ditch bonds at par and interest:

\$8,000 6% 13-20-yr. (ser.) County Ditch No. 13 bonds, date Feb. 1, 1914.
11,000 5½% 10-20-yr. (ser.) County Ditch No. 16 bonds, dated June 1, 1914.
14,000 5½% 7-20-yr. (ser.) County Ditch No. 17 bonds, dated Aug. 1, 1914.
Denom. \$1,000. Int. semi-annually.

ROSEBUD COUNTY SCHOOL DISTRICT No. 15, Mont.—BOND OFFERING.—Proposals will be received until 2 p. m. Nov. 13 by W. H. Lyndes, Chairman Board of School Trustees, for \$4,000 6% 10-20-yr. (opt.) coupon site purchase, constr. and equip. bonds. Denom. \$500. Date Sept. 14, 1914. Int. M. & S.

ROUND HILL, Loudoun County, Va.—BONDS AWARDED IN PART.—Of the \$12,000 5% coupon water and street impt. bonds offered on Sept. 1 (V. 99, p. 559), \$11,100 has been disposed of.

BONDS PROPOSED.—We are advised by the Recorder that next spring this town expects to issue additional bonds to the amount of \$2,000 or \$3,000.

RUSHVILLE SCHOOL CITY (P. O. Rushville), Rush County, Ind.—BOND SALE.—Reports state that on Oct. 15 the \$31,500 school completion bonds (V. 99, p. 1083) were awarded to the People's National Bank of Rushville for \$32,128.50 equal to 101.995.

ST. CLAIR (P. O. Pittsburgh), Allegheny County, Pa.—BOND ELECTION.—The questions of issuing \$45,700 funding and \$14,300 street impt. bonds will be submitted to the voters at the election to be held Nov. 3.

ST. CLAIR HEIGHTS, Wayne County, Mich.—BOND SALE.—According to reports, the Detroit Trust Co. of Detroit has been awarded \$32,394.36 bonds.

ST. JOHNS, Multnomah County, Ore.—BOND SALE.—On Oct. 6 the four issues of 6% 1-10-yr. (opt.) street impt. bonds aggregating \$26,016.94 (V. 99, p. 999) were awarded to the First National Bank and the Peninsula National Bank of St. John at par and interest. There were no other bidders.

ST. JOSEPH COUNTY (P. O. So. Bend), Ind.—BOND SALE.—We are advised that the two issues of 4½% 5½-yr. (aver.) highway impt. bonds aggregating \$53,000 offered without success on Aug. 25 (V. 99, p. 690) have been sold at private sale at par and interest.

SAN DIEGO COUNTY (P. O. San Diego), Calif.—NO ELECTION TO BE HELD AT PRESENT.—We are advised that the question of issuing the \$1,000,000 road and bridge impt. bonds (V. 99, p. 69) will not be submitted to a vote for some time.

SANDUSKY COUNTY, (P. O. Fremont), Ohio.—BONDS NOT YET SOLD.—No sale has yet been made of the \$20,000 Tindall bridge constr. bonds offered without success on Sept. 15 (V. 99, p. 845). These bonds will probably be re-offered for sale early next year.

SANTA ANA, Orange County, Calif.—NO BONDS VOTED.—The City Clerk advises us that the reports stating that this city voted during July \$10,000 bonds to pay teachers' and janitors' back salaries (V. 99, p. 364) are erroneous.

SAPULPA, Creek County, Okla. BOND SALE.—An issue of \$60,000 5% sewer constr. bonds was awarded to J. J. Rooney at par and interest on Sept. 17. Denom. \$1,000. Date Aug. 1, 1914. Int. P. & A. Due on Aug. 1, 1919, 1924 and 1929.

BONDS NOT SOLD.—The City Auditor advises us that no sale has yet been made of an issue of \$135,000 public park purchase bonds.

SARLES, Cavalier County, No. Dak.—BOND ELECTION PROPOSED.—Reports state that an election will be held in the near future to vote on the question of issuing fire engine, city hall and city well bonds.

SAUSALITO, Marin County, Calif.—BONDS AWARDED IN PART.—On Oct. 13, \$30,000 of the \$100,000 5% 1-40-yr. (ser.) municipal street impt. bonds offered without success on June 1 (V. 99, p. 364) was awarded to the State of Calif at par. Denom. \$500 and \$1,000. Int. J. & J.

SAVAGE SCHOOL DISTRICT (P. O. Savage), Florence County, S. C.—BOND SALE.—On Oct. 8 the First National Bank of Florence purchased an issue of \$3,500 building bonds.

SHELBY COUNTY (P. O. Shelbyville), Ind.—BONDS AWARDED IN PART.—On Oct. 21 the \$960 4½% 5 1-3-year (aver.) C. T. Williams et al. road-improvement bonds (V. 99, p. 1163) were awarded, it is stated, to Charles McDaniel of Blue Ridge, Ind., for \$961—equal to 100.104.

No bids were received, reports state, for the \$9,960 4½% 5 1-3-year (aver.) W. G. Bush road-improvement bonds also offered on Oct. 21 (V. 99, p. 1163).

SIERRA MADRE CITY SCHOOL DISTRICT, Los Angeles County, Calif.—BONDS DEFEATED.—According to reports the question of issuing the \$20,000 bldg. bonds (V. 99, p. 917) failed to carry at the election held Oct. 14, by a vote of 180 "for" to 108 "against". A two-thirds majority was necessary to authorize.

SISSETON, Roberts County, So. Dak.—BONDS VOTED.—The question of issuing the \$40,000 20-yr. sewerage-system constr. bonds at not exceeding 5% int. (V. 99, p. 1000) carried at the election held Oct. 6 by a vote of 117 to 42. These bonds will be offered for sale the early part of 1915.

SPRINGFIELD TOWNSHIP (P. O. Akron), Summit County, Ohio.—BOND ELECTION.—Reports state that an election will be held Nov.

to vote on the propositions to issue \$10,000 town hall constr. and \$25,000 school building bonds.

STARKE COUNTY (P. O. Knox), Ind.—BOND OFFERING.—In addition to the \$5,000 4½% Wm. F. Lemke road bonds in Jackson and Wayne Twps. to be offered on (or after) Oct. 30 (V. 99, p. 845), \$3,200 4½% Benj. F. Chance road bonds in Central Twp. will also be offered. Int. M. & N. Due beginning May 15, 1915.

STEBENVILLE, Jefferson County, Ohio.—BOND OFFERING.—Proposals will be received until 12 m. Nov. 16, by Chas. R. Wells, City Aud., for \$4,000 6% garbage plant impt. bonds. Denom. \$500. Date Oct. 1, 1914. Int. A. & O. Due Sept. 1, 1916. Cert. check for 3% of bonds bid for, payable to City Treas., required. Bonds to be delivered and paid for within 10 days from time of award. Purchaser to pay accrued interest.

STEVENS COUNTY SCHOOL DISTRICT No. 167, Wash.—BOND SALE.—We are advised that the \$2,500 bldg. bonds offered without success on July 18 (V. 99, p. 288) have been awarded to the State of Washington at par for 5½%. Denom. \$500.

SULLIVAN COUNTY (P. O. Sullivan), Ind.—BOND OFFERING.—Proposals will be received until 12 m. Oct. 23 by Robert Gamhill, Co. Treas., for \$21,345 4½% Geo. Raley et al road bond system No. 2 in Gill Twp. Denom. \$533.25. Date Sept. 15, 1914. Int. M. & N. Due \$533.25 each six months from May 15, 1915 to Nov. 15, 1934 incl.

SWITZERLAND COUNTY (P. O. Vevay), Ind.—BOND OFFERING.—Proposals will be received until 1:30 p. m. Nov. 7 by John W. Smith, Co. Aud., for \$18,560 4½% Geo. W. Harris et al road bonds in Pleasant Twp. Int. M. & N. Due \$928 each six months from May 15, 1916 to Nov. 15, 1925 incl. Cert. check for 3% required.

TECUMSCULA UNION SCHOOL DISTRICT, Riverside County, Calif.—BID REJECTED.—The only bidder for the \$10,000 6% 1-21-yr. (ser.) site-purchase and bldg bonds offered on Oct. 7 (V. 99, p. 845) was Sweet, Causey, Foster & Co. of Denver, who offered 100.25. The bid was rejected.

TEMPE, Maricopa County, Ariz.—BONDS NOT SOLD.—Up to Oct. 12 no sale had been made of the \$30,000 5% sewer system constr. bonds which this town has been offering for sale (V. 99, p. 364).

TEXAS.—BONDS PURCHASED BY STATE BOARD OF EDUCATION.—On Oct. 12 the State Board of Education purchased \$23,200 5% school-house bonds. All of the bonds taken were parts of issues contracted for at previous meetings. We print below a description of the school-house bonds purchased, showing in each case the total issue and amount of same taken by the State in October:

County Common School Districts—	Date.	Due.	Option.	Total Issue.	Amount Purch'd in Oct.
Atascosa No. 22	July 15 1913	40 years	10 years	\$20,000	\$1,000
Atascosa No. 7	Oct. 15 1913	40 years	10 years	6,000	700
Cameron No. 17	Sept. 1 1913	40 years	10 years	13,000	800
Crosby No. 12	April 10 1913	40 years	None	5,000	1,000
Galveston No. 6	Jan. 10 1914	40 years	20 years	10,000	500
Galveston No. 17	Jan. 10 1914	40 years	20 years	8,000	500
Harris No. 43	Aug. 4 1913	40 years	20 years	8,000	600
Jackson No. 19	April 10 1914	40 years	5 years	6,000	1,000
Jim Wells No. 12	April 10 1913	40 years	10 years	6,000	500
McCulloch No. 44	June 10 1914	40 years	20 years	6,500	1,000
Medina No. 3	April 10 1913	40 years	5 years	8,000	500
Medina No. 9	Jan. 10 1913	40 years	5 years	10,000	500
Tarrant No. 91	April 17 1913	40 years	20 years	13,500	500
Victoria No. 9	July 15 1913	40 years	15 years	9,000	700

Independent Sch. Dist.	Date.	Due.	Option.	Total Issue.	Amount Purch'd in Oct.
Cockrell Hill	May 10 1914	40 years	10 years	8,000	1,000
Crosbyton	April 10 1914	40 years	10 years	18,000	2,000
Groveton	Jan. 3 1914	40 years	10 years	9,000	400
Mertens	Jan. 1 1914	40 years	10 years	12,500	1,000
New Braunfels	Oct. 1 1913	40 years	10 years	14,000	500
Port Aransas	April 10 1914	40 years	10 years	10,000	1,500
Poteet	Oct. 1 1913	40 years	10 years	16,000	1,500
Rio Hondo	Aug. 1 1913	40 years	15 years	12,000	500
Richardson	Aug. 1 1913	40 years	5 years	15,500	1,000
Streetman	July 1 1913	40 years	10 years	9,000	500
Sweeney	July 1 1913	40 years	5 years	10,000	500
Thorndale	May 1 1914	40 years	10 years	20,000	2,500
Westminster	April 1 1914	40 years	None	6,500	500

In addition to the above, the Board of Education purchased \$2,000 of a total issue of \$20,000 5% 10-40-yr. (opt.) water-works bonds of the city of Quanah dated Dec. 1 1913.

THERESA, Jefferson County, N. Y.—BOND OFFERING.—Proposals will be received until 7 p. m., Oct. 27 by P. E. Porter, Vil. Clerk, for \$4,000 coup. or reg. street impt. bonds at not exceeding 5% int. Denom. \$250, \$500 or \$1,000. Due part yrly. for 4 years. No deposit required.

TIPPECANOE COUNTY (P. O. Lafayette), Ind.—BONDS NOT SOLD.—No sale was made of the \$9,800 4½% 5½-yr. (aver.) D. E. Harrington et al highway impt. bonds offered on Oct. 9 (V. 99, p. 769).

BOND OFFERING.—Harry G. Leslie Co., Treas., will receive bids until 2 p. m. Nov. 6, reports state, for \$8,300, \$5,400, \$3,800 and \$6,600 4½% 5½-yr. (aver.) highway bonds.

TOLEDO, Ohio.—BOND SALES.—Local papers state that an issue of \$250,000 4½% 18-22-yr. (ser.) coupon water-works impt. bonds has been awarded at private sale as follows: \$175,000 on Oct. 5 to the National Supply Co. of Toledo and \$75,000 on Oct. 15 to Weil, Roth & Co. of Cincinnati. This issue of bonds was originally awarded on July 22 to the Fifth-Third and Second National banks of Cincinnati (V. 99, p. 288), but was subsequently refused on account of some technicality.

Reports state that the \$180,000 4½% 4-yr. coup. water-works high-pressure pumping station bonds offered without success on Aug. 19 (V. 99, p. 625) have been disposed of as follows: \$130,000 to Second Nat. Bank of Toledo and \$50,000 to First Nat. Bank of Toledo.

TOWNSEND TOWNSHIP (P. O. Collins), Huron County, Ohio.—BOND OFFERING.—Proposals will be received until 12 m. Nov. 21, by C. B. Canfield, Twp. Clerk, for \$6,000 6% coup. road-impt. bonds. Denom. \$500. Date Nov. 2 1914. Int. M. & N. at Huron County Banking Co. Norwalk. Due \$500 each six months from May 1 1916 to Nov. 1 1921 incl. Cert. check on a bank other than the one making the bid, for 5% of bonds bid for, payable to Twp. Treasurer, required. Bonds to be delivered and paid for within 20 days from time of award. Purchaser to pay accrued interest.

TUCKER AND DAMASCUS CONSOLIDATED SCHOOL DISTRICT, Kemper County, Miss.—BOND OFFERING.—Bids will be received until 12 m. Dec. 8 by Sam O. Bell, Clerk Board of Co. Supers. (P. O. DeKalb) for \$6,000 6% 5-20-yr. (opt.) coup. tax-free bldg. and equip. bonds. Denom. \$100 and \$500. Int. semi-ann. Cert. check for \$200 payable to President Board of Supers., required. Bonded debt (incl. this issue) \$151,000; no floating debt. Assessed val. 1914, \$5,000,000.

UPLAND, San Bernardino County, Cal.—BOND OFFERING.—Proposals will be received until 7:30 p. m. Nov. 4 by Chas. P. Fuller, City Clerk, for \$25,000 6% fire-equip. and street-impt. bonds voted at an election held Sept. 15. Denom. \$625. Date Nov. 1 1914. Int. M. & N. at office of City Treas. Due \$625 yrly. from 1915 to 1954 incl. Cert. check for 10% of bid, payable to City of Upland, required. Bonds to be delivered and paid for within 10 days after acceptance of bid.

URBANA SCHOOL DISTRICT (P. O. Urbana), Champaign County, Ill.—DESCRIPTION OF BONDS.—We are advised that the \$25,000 5% high school completion bonds awarded on Oct. 3 to N. W. Halsey & Co. (V. 99, p. 1163) are in the denom. of \$1,000 and bear date of July 1, 1914. Int. annually on July 1. Due \$3,000 yearly on July 1 from 1918 to 1924 inclusive and \$4,000 July 1, 1925.

VAN BUREN STORM SEWER IMPROVEMENT DISTRICT (P. O. Van Buren), Crawford County, Ark.—BOND SALE.—W. W. Fuller of Muskogee, Okla., was awarded on Sept. 1 an issue of \$9,000 6% 14-year (ser.) sewer bonds at 103. Denom. \$100. Date Sept. 1 1914. Int. M. & S.

VAN CLEVE CONSOLIDATED SCHOOL DISTRICT, Jackson County, Miss.—BOND SALE.—An issue of \$1,500 6% school equipment bonds was purchased during September by Mrs. F. Cronier, Escatawpa, Miss., at par and interest. Denom. \$100. Date Sept. 1 1914. Int. annual Sept. 1. Due \$100 yearly Sept. 1 from 1915 to 1929, incl.

WAHIAKUM COUNTY (P. O. Cathlamet), Wash.—BOND ELECTION.—The election to vote on the question of issuing the \$75,000 6% road-construction bonds (V. 99, p. 918) will be submitted to the voters on Nov. 3, it is stated.

WARD COUNTY IRRIGATION DISTRICT No. 1 (P. O. Barstow), Tex.—BONDS NOT SOLD.—No bids were received on Oct. 13, for the \$475,000 6% serial irrigation bonds offered on that day (V. 99, p. 918).

WASHINGTON COUNTY (P. O. Weiser), Idaho.—NO ACTION YET TAKEN.—We are advised that the election to vote on the question of issuing the court house and road impt. bonds (V. 99, p. 219) has not yet been called.

WASHINGTON SCHOOL TOWNSHIP, Hendricks County, Ind.—BOND OFFERING.—Proposals will be received until 2:30 p. m. Nov. 6, by C. M. Roark, Twp. Trustee (Stop 12 of Indianapolis and Danville interurban line) for \$8,400 4½% school bonds. Denom. (1) \$400, (16) \$500. Date Nov. 1, 1914. Int. J. & J. Due \$400 July 1, 1916 and \$500 each six months from Jan. 1, 1917 to July 1, 1924 incl. Cert. check for \$100, payable to Twp. Trustee, required.

WAYNE COUNTY (P. O. Richmond), Ind.—BOND SALE.—On Oct. 21 the \$3,250 4½% 5 1-3-year (aver.) Orlando Marshall et al. road-improvement bonds (V. 99, p. 1084) were awarded, it is stated, to Wilfred Jessup of Richmond at par and interest.

WEST BRANCH (CITY) AND WEST BRANCH AND OGEMAW (TOWNSHIPS) FRACTIONAL SCHOOL DISTRICT No. 1 (P. O. West Branch) Ogemaw County, Mich.—BOND OFFERING.—Proposals will be received until 6 p. m. Oct. 26, by Wm. T. Yeo, Secy. Board of Education, for the \$6,000 5% 15-yr. tax-free school bonds voted Aug. 10 (V. 99, p. 560). Denom. to suit purchaser, not less than 500. Bids must be unconditional.

WEST CREEK TOWNSHIP (P. O. Lowell), Lake County, Ind.—BOND SALE.—On Oct. 17, the \$11,500 5% 13-yr. school bonds (V. 99, p. 1000) were awarded to E. M. Campbell's Sons & Co. of Indianapolis at par and interest. Other bidders were: Peoples State Bank, Crown Point, Ind. \$11,526; Fletcher-American National Bank, Indianapolis, Ind. 11,500. *This bid appears to be higher than that of the purchaser, but is so given by the Twp. Trustee. Denom. \$500. Date July 15, 1914. Int. J. & J.

WEST LAFAYETTE, Coshocton County, Ohio.—BOND SALE.—On Oct. 20, the \$3,350 5% refunding bonds (V. 99, p. 919) were awarded to the West Lafayette Bank Co. of West Lafayette at par and int.

WEST OKANOGA VALLEY IRRIGATION DISTRICT (P. O. Oroville), Okanogan County, Wash.—BONDS NOT YET SOLD.—The Secy. of Board of Directors advises us that no sale has yet been made of the 245,000 (unsold portion of an issue of \$300,000) 6% irrigation bonds.

WEYMOUTH, Norfolk County, Mass.—BOND SALE.—Reports state that on Oct. 23 the following 4½% coup. tax-free water bonds were awarded to Jackson & Curtis of Boston: \$98,000 water bonds, Act of 1914, at 102.25. Date Nov. 1 1914. Due \$5,000 yearly on Nov. 1 from 1915 to 1933 incl. and \$3,000 Nov. 1 1934.

13,000 water bonds, Act of 1913, at 100.37. Date May 1 1914. Due \$2,000 yearly on May 1 from 1915 to 1920 incl. and \$1,000 May 1 1921.

Denom. \$1,000. Int. M. & N. at First Nat. Bank, Boston.

WHITELY COUNTY (P. O. Columbia City), Ind.—BOND OFFERINGS.—Proposals will be received until 11 a. m. Nov. 2 (and from day to day thereafter until sold) by Oliver E. Long, Co. Treas., for \$19,500 road No. 1 (denom. \$975), \$18,420 road No. 2 (denom. \$921), \$9,500 road No. 3 (denom. \$475) and \$6,720 road No. 6 (denom. \$336) 4½% road impt. bonds in Washington Twp. Date Nov. 2, 1914. Int. M. & N. Due one bond of each issue each six months from May 15, 1915 to Nov. 15, 1924 incl.

Bids will be received by Oliver E. Long, Co. Treas., between 1 p. m. and 4 p. m. on Nov. 2 (and from day to day thereafter until sold) for \$57,520 4½% David Schrader et al. roads Nos. 1, 2 and 3 in Jefferson Twp. Denom. \$719. Int. M. & N. Due \$2,876 each six months from May 15, 1915 to Nov. 15, 1924 incl.

WILKES-BARRE, Luzerne County, Pa.—BOND SALE.—On Oct. 15 the \$14,300 5% 5 yr. paving bonds (V. 99, p. 1084) were sold to local people at accrued interest and slight premiums. Date July 1, 1914.

WINCHESTER, Randolph County, Ind.—BOND OFFERING.—It is stated that bids will be received until 2 p. m. Oct. 28 by S. D. Fox, City Clerk, for \$7,500 4½% funding bonds.

WINCHESTER SCHOOL DISTRICT, Riverside County, Calif.—BID REJECTED.—The only bid received for the \$4,000 6% bldg. bonds offered on Oct. 7 was 100.625 submitted by Sweet, Causey, Foster & Co. of Denver. This offer was rejected.

WINFIELD, Cowley County, Kan.—BONDS TO BE OFFERED SHORTLY.—Reports state that this city will shortly offer for sale to local investors Main St. and Steward St. paving bonds.

WYOMING INDEPENDENT SCHOOL DISTRICT (P. O. Wyoming), Jones County, Iowa.—BONDS NOT SOLD.—Up to Oct. 20 no sale had yet been made of the \$30,000 5% 8½-yr. (aver.) bldg. and equip. bonds which this district has been offering for sale (V. 99, p. 495).

YORK TOWNSHIP RURAL SCHOOL DISTRICT, Union County, Ohio.—BOND OFFERING.—Proposals will be received until 1 p. m. Nov. 7 by N. M. Hubbard, Clerk of Bd. of Ed. (P. O. Richwood, R. F. D. No. 3), for \$3,950 5½% coup. school bonds. Auth. Secs. 7629 and 7630. Gen. Code. Denom. (1) \$450, (7) \$500. Date Nov. 7 1914. Int. M. & N. at Richwood Banking Co., Richwood. Due \$450 May 7 1916 and \$500 each six months from Nov. 7 1916 to Nov. 7 1919 incl. Cert. check on an Ohio bank for \$100 (or cash), payable to above Clerk, required. The Bd. of Ed. will furnish successful bidder a certified transcript of the proceedings of said board with reference to the issuance of said bonds. Bonds to be delivered on Nov. 7. These bonds were offered without success on Sept. 5 (V. 99, p. 1001).

YUMA UNION HIGH SCHOOL DISTRICT (P. O. Yuma, Yuma County, Ariz.—BOND OFFERING.—Bids will be received until Nov. 16 for the \$12,000 6% 20-yr. bldg. bonds voted during Sept. (V. 99, p. 847). Denom. \$500. Date Oct. 1, 1919. Int. J. & D.

Canada, its Provinces and Municipalities.

BEVERLY, Alta.—DEBENTURE OFFERING.—Bids will be considered by H. W. Ormerod, Secy.-Treas., for the \$75,000 6% impt. debentures mentioned in V. 99, p. 561. Due in 20 equal annual installments.

DARTMOUTH, N. S.—DEBENTURES VOTED.—The question of issuing \$90,000 school constr. debentures carried, reports state, at the election held Oct. 3.

EGANVILLE, Ont.—DEBENTURE OFFERING.—Proposals will be received until Nov. 2 by John P. Bulger, Clerk-Treas., for \$5,000 5% debentures, it is stated. Due in 20 ann. installments.

FLESHERTON, Ont.—DEBENTURE ELECTION.—An election will be held Oct. 29, reports state, to vote on the question of issuing \$5,500 power debentures.

LEAMINGTON, Ont.—DEBENTURE ELECTION.—It is stated that on Nov. 2 the proposition to issue \$8,800 funding debentures will be submitted to a vote.

ORILLIA, Ont.—DEBENTURE SALE.—It is stated in local newspapers that the \$85,000, 6% water-works impt. bonds voted June 18 (V. 98, p. 1870) have been disposed of to local investors.

PAISLEY, Ont.—DEBENTURE OFFERING.—Bids will be considered by J. C. Gibson, Town Clerk, for \$20,000 5% school debentures. Denom. \$1,000 and upwards. Due in 30 annual installments of principal and int.

SARNIA, Ont.—DEBENTURES AUTHORIZED.—The Municipal Council on Sept. 21 passed by-laws providing for the issuance of \$3,600 Devine St. school and \$3,350 Clifford St. sewer debentures, it is stated.

SCARBORO TOWNSHIP (P. O. Woburn), Ont.—DEBENTURE SALE.—According to reports the \$2,000 5½% Agincourt public school addition debentures authorized by the Twp. Council on Sept. 29 (V. 99, p. 1084) have been sold at par.

STRATFORD, Ont.—DEBENTURES AUTHORIZED.—Reports state that the City Council on Oct. 19 passed by-laws providing for the issuance of \$20,000 30-yr. and \$16,000 20-yr. debentures.

NEW LOANS.

\$25,000

Town of Baker, Montana,
6% WATERWORKS BONDS

State of Montana,
County of Fallon, ss.:
Town of Baker,

Pursuant to the authority of Ordinance No. 40 of the town of Baker, of Fallon County, Montana, passed and approved October 6th, A. D. 1914, authorizing and directing the advertisement and sale of certain bonds of said town, namely:

Water-Works bonds aggregating the principal sum of Twenty-five thousand dollars (\$25,000), comprised of 25 bonds, numbered consecutively from 1 to 25, inclusive, of the denomination of \$1,000 each, dated July 1, A. D. 1914, due July 1, A. D. 1934, redeemable at the pleasure of said town after July 1, A. D. 1924, bearing interest from their date until paid at the rate of six (6) per centum per annum, payable semi-annually on the first days of January and July, respectively, in each year, both principal thereof and interest thereon payable in gold coin of the United States of America, or of equal to the present standard of weight and fineness, at the National Bank of Commerce, in the city and State of New York, U. S. A.

PUBLIC NOTICE IS HEREBY GIVEN that the bonds aforesaid will at the office of Messrs. Booth & Dousman, in said town, on **MONDAY, to wit, THE 23D DAY OF NOVEMBER, A. D. 1914,** at the hour of 10 o'clock A. M., at public auction, be sold to the bidder offering the highest price therefor.

At said public auction, the successful bidder will be required to deposit with the undersigned clerk a certified check payable to his order in the sum of \$5,000, which check shall be held by the town and forfeited to it should the purchaser fail to take up and pay for said bonds when presented to him.

By order of the Council of the Town of Baker, of Fallon County, Montana, made this 6th day of October, A. D. 1914.

[Seal.] **HORACE W. SPARKS, Mayor.**

Attest: **CHARLES J. DOUSMAN, Clerk.**

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NEW LOANS.

\$27,000

ONTARIO COUNTY, N. Y.,
Road Improvement Bonds.

Sealed bids will be received by the undersigned until Ten O'clock A. M., **NOVEMBER 1, 1914,** for the purchase of \$27,000 Ontario County Road Improvement bonds. Said bonds were authorized by vote of the Board of Supervisors of Ontario County, Sept. 24, 1914, and are to be of the denomination of \$1,000 each, dated November 1, 1914, to bear 5 per cent interest, payable January 1 and July 1, and to mature as follows:

Series A 7, denomination \$1,000, due \$27,000 July 1, 1925.

Principal and interest payable at the First National Bank, Geneva, N. Y.

Bids will be received for the whole or any part of said bonds, and the right is reserved to reject any or all bids. A certified check for two per cent of the amount bid for, payable to the Treasurer of Ontario County, must accompany each proposal. Bonds to be printed by purchaser, and payment and delivery made on or before December 1st, 1914. At the time of delivery of bonds the purchaser will be required to pay the accrued interest in addition to the amount of bid. Bidders must use the printed form of proposal furnished by the undersigned.

The bonded debt of Ontario County is \$237,000 (\$25,000 of which will be paid July 1st, 1915.)

Ontario County's obligations have always been promptly met.

Assessed Valuation of Real Estate... \$36,952,450
Current Tax Rate, State and County .004,657,497
Population of County (1910 Federal Census)..... 52,286

PETER R. COLE,
County Treasurer.

Canandaigua, N. Y., Oct. 10, 1914.

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NEW LOANS.

\$35,000

Borough of Avalon, N. J.,
SEWAGE-DISPOSAL BONDS

Sealed proposals will be received by the Common Council of the Borough of Avalon, New Jersey, at 8 P. M., on **MONDAY, THE SECOND DAY OF NOVEMBER, NINETEEN HUNDRED AND FOURTEEN,** at the Council Chamber, for the purchase of sewage-disposal bonds to the amount of Thirty-Five Thousand (\$35,000) Dollars, of the denomination of Five Hundred (\$500) Dollars each.

The bonds will bear interest at the rate of five per cent, payable semi-annually. Said bonds shall be payable at the First National Bank of Ocean City.

Each bid must be accompanied with a certified check for \$500, payable to the order of the Borough Treasurer.

E. O. HOWELL Jr.,
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Bruns.-Balke-Coll.Co. 7% Pfd. Stk.

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No Bonds—No Preferred Shares

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CHICAGO

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71 Broadway, - New York

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NEW YORK STOCK EXCHANGE

Dominick & Dominick

Established 1870

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INVESTMENT SECURITIES

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standing in the large cities.

First Mortgage Serial Bonds secured by the
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ESTABLISHED 1903
STRAUS BUILDING CHICAGO ONE WALL STREET NEW YORK

TWO SECTIONS—SECTION TWO

The Commercial & Financial Chronicle

AMERICAN BANKERS' CONVENTION SECTION

GIVING PROCEEDINGS OF THE

Convention of American Bankers' Association

Held at Richmond, October 12, 13, 14 and 15, 1914.

INDEX TO THIS SECTION.

	Page.		Page.
EDITORIAL ARTICLES—		TRUST COMPANY SECTION—	
CONVENTION AND ITS PROBLEMS	75	ADDRESSES	143
BANKING AND CITIZENSHIP.....	77	COMMITTEE REPORTS.....	148
BANKING SECTION—		DETAILED PROCEEDINGS.....	151
ADDRESSES	81	SAVINGS BANK SECTION—	
COMMITTEE REPORTS.....	117	ADDRESSES	164
DETAILED PROCEEDINGS.....	130	COMMITTEE REPORTS.....	173
ARTHUR REYNOLDS' REMARKS.....	131	DETAILED PROCEEDINGS.....	176

For Index to Advertisements see pages 79 and 80.

October 24, 1914.

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UNITED STATES DEPOSITORY

Capital	-	-	-	-	-	-	-	\$ 5,000,000
Surplus and Profit (Earned)	-	-	-	-	-	-	-	10,009,000
Deposits	-	-	-	-	-	-	-	125,906,000

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CORNER-STONE OF THE OLD UNITED STATES BRANCH BANK
as mounted in the Office of the New York Life Insurance and Trust Company

STATEMENT

Made to the Banking Department of the State of New York at the close of business on Sept. 12, 1914

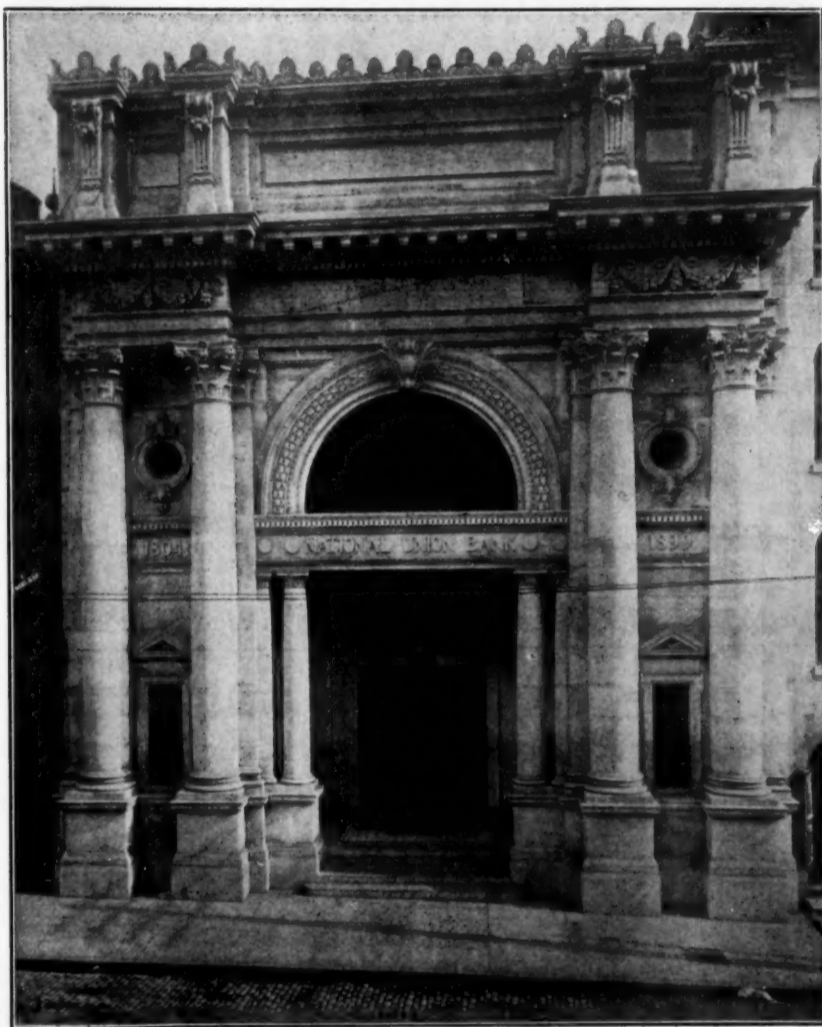
ASSETS		LIABILITIES	
Real Estate.....	\$1,878,162.33	Capital.....	\$1,000,000.00
Bonds and Mortgages.....	4,947,442.99	Surplus Fund and Undivided Profits	
Loans on Collaterals.....	3,627,476.37	(Market Value).....	3,607,148.66
Bills Receivable.....	10,826,505.30	Deposites in Trust.....	35,329,152.44
Overdrafts, secured.....	75,147.41	Annuity Fund.....	2,376,111.37
Cash on Deposit.....	2,453,467.82	Life Insurance Fund.....	367,735.42
Cash in Company's Vaults.....	3,102,050.00	Interest Due Depositors, Taxes, &c.....	782,945.20
Accrued Int., Rents, Suspense Acct., &c..	998,796.87		
Bonds and Stocks (Market Value).....	15,554,044.00		
	\$43,463,093.09		\$43,463,093.09

THE NATIONAL UNION BANK OF MARYLAND

AT BALTIMORE, MARYLAND

Capital, \$1,000,000

Surplus and Undivided Profits, Net, at the
close of September 21st, 1914. \$726,515.35



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rather than an outlet for particular securities

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**Harris Trust Building
Chicago**

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ESTABLISHED 1824

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18 Broadway and 5 Beaver Street

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SURPLUS and PROFITS
(EARNED)
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DEPOSITS
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No. 374

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Surplus and Undivided Profits, -	\$1,276,028.97
Deposits, - - - - -	\$7,331,723.81

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W. D. Edwards,

Robert E. Jennings,
Edward L. Young,

Henry E. Niese,
Edw. I. Edwards.

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**COLUMBIA
TRUST
COMPANY**

Surplus, \$7,000,000

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408 Olive Street

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421 Chestnut Street

PITTSBURGH
First National Bank Bldg.

SAN FRANCISCO
1st Nat. Bank Bldg.

CHARTERED 1853

United States Trust Company of New York

45 and 47 WALL STREET

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SURPLUS AND UNDIVIDED PROFITS \$14,151,944.23

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ESTABLISHED 1902

MUTUAL ALLIANCE TRUST COMPANY

35 WALL STREET

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CHARTERED 1799

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40 WALL STREET
NEW YORK

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Surplus	.	.	.	- 4,100,000

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STEPHEN BAKER	WILLIAM SLOANE
FREDK. G. BOURNE	SAMUEL SLOAN
R. W. PATERSON	B. H. BORDEN
WALTER JENNINGS	



NEW YORK CITY

CAPITAL
AND
SURPLUS
OVER
\$2,000,000.00

TOTAL
RESOURCES
OVER
\$10,000,000.00

MEMBER OF THE NEW YORK CLEARING HOUSE

This Company cordially invites the New York accounts of Banks and Trust Companies desiring to establish relations with a conservative institution conducted along progressive lines, with experienced officers, ample resources, a central location and a determination to please those with whom it does business. Correspondence invited.

SAMUEL S. CONOVER	President
John W. Nix	Vice-President
Andrew H. Mars	Secretary
Stephen L. Viele	Asst. Secretary
Arthur W. Mellen	Asst. Secretary and Trust Officer

New York County National Bank

Corner 14th Street and 8th Avenue, New York City

OFFICERS

Francis L. Leland
President

Christian F. Tietjen
Vice-President

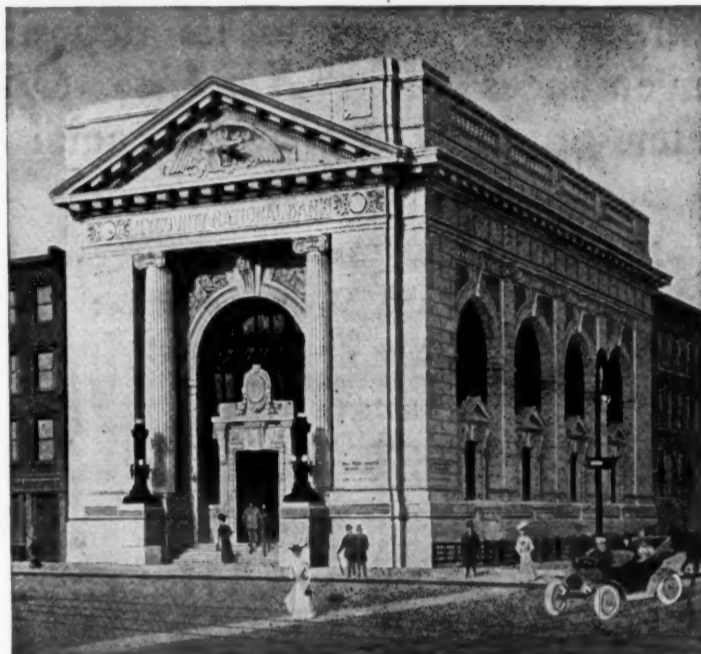
James C. Brower
Vice-President

Thomas A. Painter
Cashier

Lawrence J. Grinnon
Asst. Cashier

DIRECTORS

T. M. CHEESMAN
JESSE ISIDOR STRAUS
FRANCIS L. LELAND
ORMOND G. SMITH
PEDRO R. DE FLOREZ
CHRISTIAN F. TIETJEN
JAMES C. BROWER



NEW YORK COUNTY NATIONAL'S NEW HOME

Capital, \$500,000

Surplus and
Undivided Profits
\$2,000,000

Organized as a State
Bank 1855

Entered the National
Bank System 1865

Safe Deposit Vaults

**Accounts of Banks, Bankers, Firms, Corporations and Individuals,
Both Large and Small, Invited on Favorable Terms**

National, New York State and City Depository

LINCOLN TRUST COMPANY

204 FIFTH AVENUE, NEW YORK

DOWNTOWN OFFICE
BROADWAY AT LISPENARD STREET

UPTOWN OFFICE
BROADWAY AT SEVENTY-SECOND STREET



Capital and Surplus, \$1,500,000

OFFICERS

ALEXANDER S. WEBB, President	
ABRAM M. HYATT	OWEN WARD
Vice-President	Vice-President
HORACE F. POOR	FREDERIC P. DAVIS
Vice-Pres. & Treas.	Secretary
BRECKENRIDGE CARROLL	NELSON F. GRIFFIN
Asst. Treas.	Manager

DIRECTORS

W. D. BALDWIN	CLARENCE H. KELSEY
GEORGE BLAGDEN	W. DeLANCEY KOUNTZE
GEORGE C. BOLDT	GEORGE LEASK
WM. G. CONKLIN	JOHN P. MUNN, M. D.
O. L. DOMMERICH	P. F. MURPHY
WILLIAM FELSINGER	IRVING E. RAYMOND
HERMANN C. FLEITMANN	B. AYMAR SANDS
ERSKINE HEWITT	JESSE I. STRAUS
SAMUEL V. HOFFMAN	ISAAC N. SELIGMAN
EDWARD W. HUMPHREYS	LOUIS STERN
ABRAM M. HYATT	OWEN WARD
ARTHUR ISELIN	ALEXANDER S. WEBB
BRADISH JOHNSON	WM. H. WHELOCK
C. MORTON WHITMAN	

MEMBER NEW YORK CLEARING HOUSE

Organized 1882
THE LINCOLN NATIONAL BANK of the CITY OF NEW YORK

42nd STREET, OPPOSITE GRAND CENTRAL TERMINAL

CAPITAL,	\$1,000,000.00
SURPLUS AND UNDIVIDED PROFITS,	\$1,875,000.00
DEPOSITS,	\$23,600,434.00
TOTAL RESOURCES,	\$27,930,698.00

CHARLES ELLIOT WARREN, PRESIDENT	DAVID C. GRANT, CASHIER
WILLIAM A. SIMONSON, VICE-PRESIDENT	HENRY E. STUBING, ASSISTANT CASHIER
JOHN S. SAMMIS, JR., ASSISTANT CASHIER	

DIRECTORS

EBEN E. OLCOTT	M. HARTLEY DODGE	THOMAS L. JAMES, CHAIRMAN OF THE BOARD	HENRY C. PHIPPS	HOWARD S. BORDEN
JOSEPH P. GRACE	WILLIAM BREWSTER	WILLIAM A. SIMONSON	EDWARD L. ROSSITER	HOWARD C. BROKAW
WILLIAM G. ROCKEFELLER	HARRY J. LUCE			CHARLES ELLIOT WARREN

Depository of the United States, State of New York, City of New York
 Accounts on Banks, Bankers, Trust Companies, Corporations and Individuals Invited



Hudson Trust Company
 Broadway and Thirty-ninth Street
 (METROPOLITAN OPERA HOUSE)

Capital and Surplus Over \$1,200,000

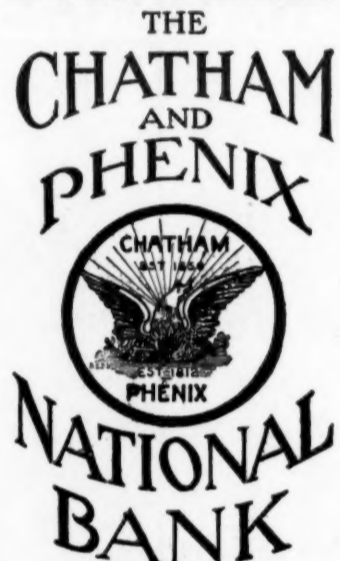
Accounts solicited on the most liberal terms consistent with conservative Banking

SAFE DEPOSIT VAULTS

ELVERTON R. CHAPMAN,	PRESIDENT
LOUIS H. HOLLOWAY,	VICE PRESIDENT
HENRY C. STRAHMANN,	VICE PRES. & TREAS.
JOHN GERKEN,	VICE PRESIDENT
RICHARD A. PURDY,	SECRETARY
	COUNSEL
	Holm, Whitlock & Scarff

Depository for New York State and City Funds

100 Years a
 Commercial Bank



192 Broadway
 Cor. John St.

Capital and Surplus, \$3,500,000
 Resources, 30,000,000

OFFICERS

LOUIS G. KAUFMAN,	- President
RICHARD H. HIGGINS,	- Vice-Pres.
FRANK J. HEANEY,	- Vice-Pres.
WILLIAM H. STRAWN,	- Vice-Pres.
BERT L. HASKINS,	- Cashier
HENRY L. CADMUS,	- Asst. Cash.
NORBORNE P. GATLING,	- Asst. Cash.
WALTER B. BOICE,	- Asst. Cash.
HENRY C. HOOLEY,	- Asst. Cash.
GEORGE M. HARD,	- Chairman

Invites Your Account

THE MUTUAL BANK

49-51 West 33rd Street, New York

CHARLES A. SACKETT, President	HUGH N. KIRKLAND, Vice-President & Cashier
JOHN C. VAN CLEAF, Vice-President	EUGENE GALVIN, Assistant Cashier

DIRECTORS:

ANDREW J. CONNICK	JOSEPH H. EMERY	SAMUEL McMILLAN	JAMES THOMSON
THOMAS DIMOND	A. P. W. KINNAN	CHARLES A. SACKETT	JOHN C. VAN CLEAF
OTTO M. EIDLITZ	C. W. LUYSTER	ISADORE SAKS	CORNELIUS VANDERBILT
		THOMAS F. VIETOR	



THE COAL AND IRON NATIONAL BANK

OF THE CITY OF NEW YORK

Capital	- - - - -	\$1,000,000.00
Surplus and Profits (Earned)	-	613,100.00

JOHN T. SPROULL, President
 DAVID TAYLOR, Vice-President ALLISON DODD, Vice-President
 ADDISON H. DAY, Cashier H. J. DORGELOH, Asst. Cashier

Member New York Clearing House Association

The MARKET and FULTON NATIONAL BANK OF NEW YORK

ORGANIZED 1852

Progressive
Conservative
Successful

Alexander Gilbert
President

Robert A. Parker
Vice-President

John H. Carr
Cashier

W. M. Rosendale
Asst. Cashier



Capital
\$1,000,000
Surplus
and
Profits
\$1,900,000

Accounts
Received on
the
Most Liberal
Terms
consistent
with Sound
Banking

New Netherland Bank OF NEW YORK

41 West 34th Street

Near Broadway

Our location and facilities enable us to handle the business of our correspondents efficiently and without loss of time.

JOHN P. MUNN, M. D., Vice-President
CURTIS J. BEARD, Cashier

J. ADAMS BROWN, President

UDO M. FLEISHMANN, Vice-President
H. I. STEVENS, Asst. Cashier

Interest Allowed on Non-Borrowing, Inactive and Trustee Accounts
Safe Deposit Vaults

CHARTERED 1866

BROOKLYN TRUST COMPANY

Member New York Clearing House Association

Main Office: 177-179 Montague Street Branch: Bedford Ave. and Fulton Street
Manhattan Office: Corner Wall Street and Broadway

Capital \$1,500,000 Surplus \$3,000,000

DAVID H. LANMAN, Vice-President
WILLIS McDONALD, Jr., Treasurer
HORACE W. FARRELL, Asst. Sec'y

EDWIN P. MAYNARD, President
CLINTON L. ROSSITER, Vice-President
FREDERICK T. ALDRIDGE, Secretary
C. O. BRINCKERHOFF, Asst. Sec'y

FRANK J. W. DILLER, Vice-President
WILLARD P. SCHENCK, Asst. Sec'y
HERBERT U. SILLECK, Asst. Sec'y

ORGANIZED 1859

The Nassau National Bank of Brooklyn



New Home on S. W. Corner
COURT and JORALEMON STS.

CAPITAL,
\$1,000,000.00
SURPLUS
(earned)
\$1,000,000.00

DESIGNATED DEPOSITORY
OF THE UNITED STATES
GOVERNMENT, STATE AND
CITY OF NEW YORK

The business of financial
institutions, corporations,
partnerships, individuals
and trustees is solicited.
The strength and stability
of the Bank enables it to
offer its customers every
facility consistent with
sound and conservative
banking.

DIRECTORS

EDGAR McDONALD,
Chairman.
ROBT. B. WOODWARD,
Special Partner, Hathaway, Smith,
Folts & Co.
FRANK BAILEY,
Vice-President, Title Guarantee &
Trust Co.
CROWELL HADDEN,
President, Brooklyn Savings Bank.
FRANK LYMAN,
Trustee, United States Trust Co.
ALEXANDER M. WHITE,
White, Weld & Company.
CHARLES A. SCHIEREN,
Charles A. Schieren Company.

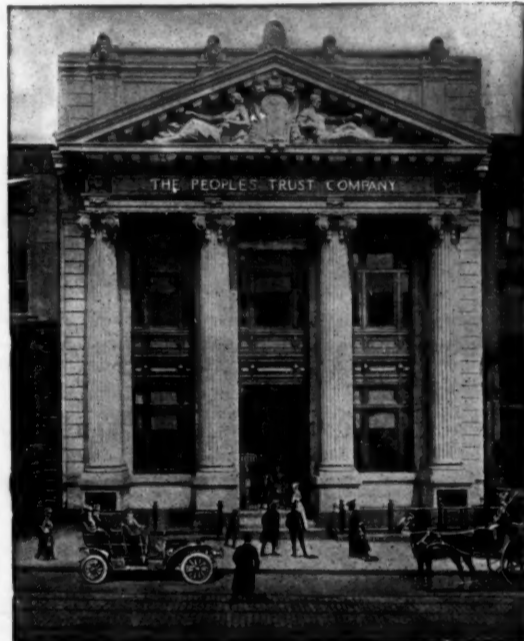
WALTER V. CRANFORD,
President Cranford Company.
GEORGE S. INGRAHAM,
Lawyer.
HOWARD W. MAXWELL,
Vice-President Atlas Portland
Cement Co.
EDWIN P. MAYNARD,
President Brooklyn Trust Co.
DARWIN R. JAMES, Jr.,
Importer and Manufacturer.
A. AUGUSTUS HEALY,
A. Healy & Sons.
DANIEL V. B. HEGEMAN,
President.

Members of the New York Clearing House and the Federal Reserve
Bank System

THE PEOPLES TRUST COMPANY

Brooklyn, New York City

Member of the New York Clearing House



CHARLES A. BOODY.....PRESIDENT
J. G. DETTMER.....1st VICE-PRESIDENT
HORACE J. MORSE.....2nd VICE-PRESIDENT
CHARLES L. SCHENCK.....3rd VICE-PRES. & SEC'Y
WILLIAM A. FISCHER.....ASST. SECRETARY
J. FRANK BIRDSELL.....ASST. SECRETARY
HENRY M. HEATH.....ASST. SECRETARY
CLARENCE I. MCGOWAN.....ASST. SECRETARY
WILLIAM F. AYLING.....ASST. SECRETARY

Invites Accounts of Out of Town Institutions Upon Favorable Terms

CHELSEA EXCHANGE BANK

Main Office:
266 West 34th Street, New York

Harlem Branch:
7th Avenue at 135th Street

OFFICERS

A. E. STILGER, President
JOHN N. WILLYS, Vice-Pres. G. B. WILLIAMS, Vice-Pres.
WM. A. LOBB, Cashier WM. W. TAPPAN, Asst. Cashier
GEO. F. EWALD, Asst. Cashier

DEPOSITORY STATE OF NEW YORK, CITY OF NEW YORK
LETTERS OF CREDIT, TRAVELERS CHECKS, FOREIGN EXCHANGE, MONEY ORDERS

SAFE DEPOSIT VAULTS

A STRICTLY COMMERCIAL BANK IN THE HEART OF NEW YORK

United States Mortgage & Trust Company New York

Departments

The Company is prepared to handle all branches of BANKING, which includes service as Correspondent for Banks, Bankers and Trust Companies. It is a Depository for United States Postal Savings System, State, City, Court Funds and Coffee and Cotton Margins.

The purchase and sale of FOREIGN EXCHANGE is handled through a separate department, which also attends to the transfer of money by Cable and the issuance of Letters of Credit and Travelers' Checks.

All branches of INDIVIDUAL or CORPORATE TRUST business is given special attention. Corporations are invited to appoint this Company as REGISTRAR and TRANSFER AGENT or engage its service in REORGANIZATION plans.

The MUNICIPAL BOND DEPARTMENT has prepared and certified as to the genuineness of over 1,570 issues of Municipal Securities, extending over thirty-three States of the United States and the Territory of Hawaii.

For over 20 years the Company has been lending through its MORTGAGE DEPARTMENT on real estate in certain selected cities throughout the South and West. In cities where mortgage loans are made, the Company is actively engaged in making appraisals of real estate and detailed reports on properties.

<u>Branch</u>	<u>Main Office</u>	<u>Branch</u>
Broadway at 73d St.	55 Cedar St.	125th St. at 8th Ave.

Member of the New York Clearing House Association

ESTABLISHED 1874

John L. Williams & Sons

BANKERS

Cor. 8th and Main Streets, - - Richmond, Va.

Cable Address: Williamson Richmond

A. G. PLANT & CO.

BANKERS AND BROKERS

Members of Washington Stock Exchange.

WASHINGTON, D. C.

INVESTMENT SECURITIES

Correspondents

JOSEPHTHAL, LOUCHHEIM & CO.

Members of New York Stock Exchange.

NEW YORK, N. Y.

Extend the courtesies and facilities of their Bank to those visiting Washington, D. C.

LOCAL HIGH CLASS SECURITIES A SPECIALTY.

RIGGS NATIONAL BANK

Pennsylvania Avenue—WASHINGTON, D. C.—Opp. U. S. Treasury

Capital, \$1,000,000

Surplus, \$2,000,000

EXCELLENT FACILITIES FOR HANDLING ACCOUNTS OF
BANKS AND BANKERS

CORRESPONDENCE INVITED

OFFICERS

CHARLES C. GLOVER, President

WM. J. FLATHER, Vice-President

M. E. AILES, Vice-President

H. H. FLATHER, Cashier

JOSHUA EVANS, JR., Asst. Cashier

THE CONTINENTAL TRUST COMPANY

BALTIMORE, MD.

Invites the Accounts of Banks and Trust Companies

Exceptional Facilities for Handling Collections

Transacts a General Trust and Banking Business

Capital - \$1,350,000

Surplus - 1,350,000

Correspondence Invited

TREASURY
DEPARTMENT
SERVICE
AT WASHINGTON



LET US SERVE YOU

IT COVERS:

1. Witnessing the Destruction of Mutilated National Bank Notes.
2. Examining Bonds Deposited with the Treasurer of the United States to Secure Circulation and Government Deposits.
3. Forwarding Incomplete National Bank Notes by Registered Mail Insured.
4. Telegraphing Advice of Comptroller's Calls.
5. Making Deposits Account of 5 per cent. Fund. Transfer of Funds. Circulation Tax.

Capital and Surplus, \$1,250,000

THE COMMERCIAL NATIONAL BANK OF WASHINGTON

A. G. CLAPHAM, President

JAS. A. CAHILL, Vice-President

T. K. SANDS, Vice-President and Cashier

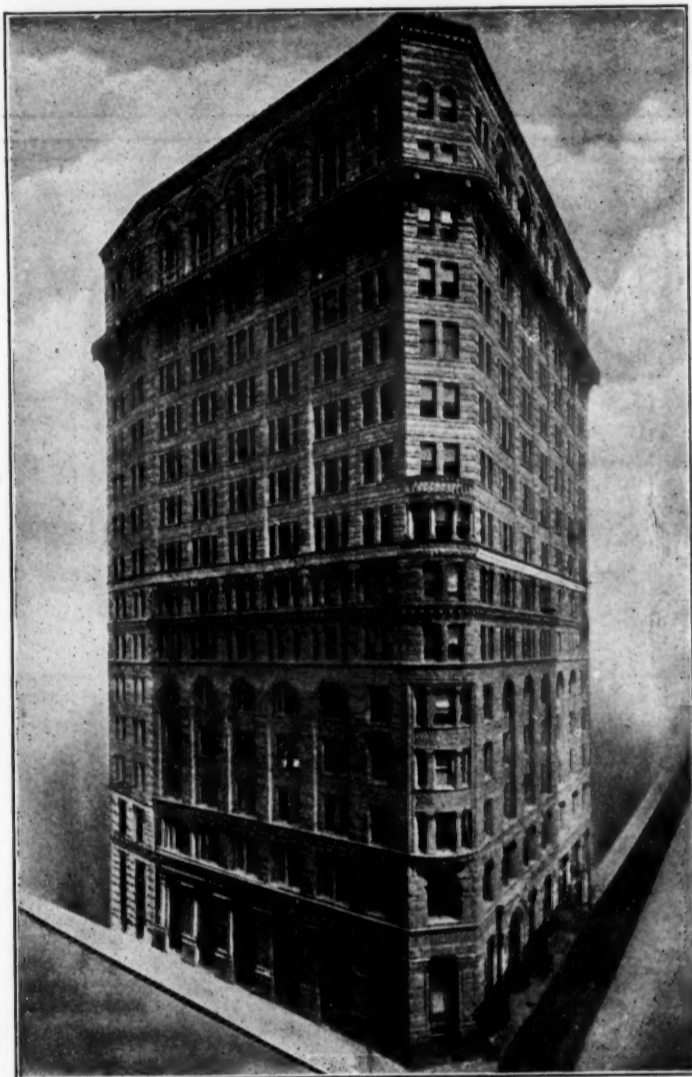
The Fidelity Trust Company

Charles and Lexington Street's
BALTIMORE, MD.

EDWIN WARFIELD, President

VAN LEAR BLACK, Vice-President
SAMUEL M. HANN, Vice-President
J. H. BEATSON, Sec'y and Asst. Treas.
F. HOWARD WARFIELD, Trust Officer

W. BLADEN LOWNDES, Vice-President and Treas.
HENRY D. HARLAN, General Counsel
GEORGE L. MAHLER, Asst. Sec'y and Treas.
C. T. WILLIAMS, Manager Investments



FIDELITY BUILDING,
CHARLES AND LEXINGTON STS., BALTIMORE.

Acts as Executor, Administrator, Guardian and Trustee, Manages Estates and Collects Incomes.
Rents Safe Deposit Boxes and Receives Valuables on Storage, Does a General Banking Business. Interest Allowed on Deposits. Issues Letters of Credit and Travelers' Checks.

BANKING, INVESTMENT, TRUST, REAL ESTATE AND FOREIGN DEPARTMENTS

Last Call, State Banking Department

SEPTEMBER 11th, 1914

RESOURCES

Stocks and Bonds	-	-	-	-	-	-	-	\$4,572,612.23
Loans Secured by Collateral	-	-	-	-	-	-	-	5,384,909.75
Cash in Vault and Depositories	-	-	-	-	-	-	-	1,649,516.66
								<u>\$11,607,038.64</u>

LIABILITIES

Capital Stock	-	-	-	-	-	-	-	\$1,000,000.00
Surplus and Undivided Profits	-	-	-	-	-	-	-	1,165,959.88
Deposits	-	-	-	-	-	-	-	9,416,055.49
Accrued Interest Payable	-	-	-	-	-	-	-	25,023.27
								<u>\$11,607,038.64</u>

DIRECTORS

EDWIN WARFIELD,
President.
VAN LEAR BLACK,
Black, Sheridan, Wilson Company.
HERMAN E. BOSLER,
Capitalist.
HOWARD BRUCE,
Bartlett-Hayward Co.
SPRIGG D. CAMDEN,
Pres. Union Tr. & Deposit Co., Parkersburg,
W. Va.
CHARLES M. COHN,
Vice-Prest. Con. Gas, Electric Light &
Power Co.
WILLIAM A. DICKEY,
Pres. W. J. Dickey & Sons, Inc.
SOLOMON FRANK,
Capitalist.
FRANK A. FURST,
President Maryland Dredging & Contracting
Co.
E. STANLEY GARY,
James S. Gary & Son.
JOHN S. GIBBS, JR.,
Gibbs Preserving Company.
HENRY D. HARLAN,
General Counsel, The Fidelity Trust Co.
WILLIAM A. HOUSE,
President United Railways & Electric Co.
JOSEPH P. KENNEDY,
P. Kennedy Foundry Co.
W. BLADEN LOWNDES,
Vice-Pres. Second National Bank, Cumberland.
SEYMOUR MANDELBAUM,
Capitalist.
GUSTAVUS OBER, JR.,
G. Ober & Sons Company.
JOHN WALTER SMITH,
United States Senator.
GEORGE WARFIELD,
Capitalist.
CLARENCE W. WATSON,
Coal Operator.
THOMAS A. WHELAN,
Attorney-at-Law.
MORRIS WHITRIDGE,
Whitridge, White & Company.
JOHN H. WIGHT,
Sherwood Distilling Company.

CHARTERED 1864

SAFE DEPOSIT AND TRUST COMPANY OF BALTIMORE

13 SOUTH STREET

Capital \$600,000

Surplus and Profits \$2,470,000

Acts as Trustee of Corporation Mortgages. Fiscal Agent for Corporations and Individuals, Transfer Agent and Registrar. Depository under plans of reorganization.

Acts as Executor, Administrator, Guardian, Trustee, Receiver, Attorney and Agent, being especially organized for careful management and settlement of estates of every character.

Fireproof building with latest and best equipment for safety of contents.

Safes for rent in its large fire and burglar proof vaults, with spacious and well lighted coupon rooms for use of patrons.

Securities held on deposit for Out of Town Corporations and Persons.

DIRECTORS

MICHAEL JENKINS, President

H. WALTERS, Vice-Pres't

WALDO NEWCOMER

SAM'L M. SHOEMAKER

JOHN W. MARSHALL, 2nd Vice-Pres't

NORMAN JAMES

BLANCHARD RANDALL

JOHN J. NELLIGAN, 3rd Vice-Pres't

DOUGLAS H. THOMAS

E. H. PERKINS

ISAAC M. CATE

ROBERT GARRETT

ANDREW P. SPAMER, Treasurer

GEO. B. GAMMIE, Asst. Treasurer

MIDDENDORF, WILLIAMS & CO., Incorporated

INVESTMENT SECURITIES

PRIVATE WIRES TO PRINCIPAL MARKETS

31 Pine Street
NEW YORK

Munsey Building
BALTIMORE

Stocks and Bonds Bought and Sold on Commission. Special attention given to Railroad, Public Utility and other Investment Securities.

First National Bank, Baltimore, Md.

We have attractive propositions to offer Northern and Western Banks for the collection of Southern items. Southern Banks seeking a convenient and useful connection in a Central and Reserve City would do well to write us.

1863---Resources Ten Millions---1914

ESTABLISHED 1839



GERMAN STREET, COR. SOUTH

ROBERT GARRETT & SONS BALTIMORE



HIGH GRADE RAILROAD,
PUBLIC UTILITIES AND
INDUSTRIAL SECURITIES
SUITABLE FOR INSTITU-
TIONS AND INVESTORS

The Peoples National Bank

PITTSBURGH, PA.

Organized 1864

Through the affiliations of its directors this bank is in close touch with the important business interests of the Pittsburgh District, and through its efficient organization is able to administer any business entrusted to it in an intelligent manner. :: :: :: ::

Capital and Surplus, - - - - - \$2,900,000



FIDELITY AND COLUMBIA TRUST COMPANY LOUISVILLE, KY.

Capital, \$2,000,000

Surplus, \$650,000

Our long experience, large resources and wide connections enable us to be of special service in handling trust business for individuals and corporations.

Occupying the Company's own building.



The Largest Bank in Virginia Operating Under a State Charter

THE CITIZENS BANK OF NORFOLK, VA.

Capital \$600,000

Surplus \$550,000

McD. L. WRENN, President
TENCH F. TILGHMAN, Vice-Pres. and Cashier
NORMAN BELL, Jr., Asst. Cashier

CORRESPONDENCE INVITED

National Bank of Commerce NORFOLK, VA.



CAPITAL
\$1,000,000

SURPLUS
\$900,000

WE INVITE
YOUR
ACCOUNT

NATHANIEL BEAMAN, President
TAZEWELL TAYLOR, Vice-President
HUGH M. KERR, Cashier
M. C. FEREBEE, Assistant Cashier
R. S. COHOON, Assistant Cashier

MARKED FEATURES

Promptness, Courtesy, Safety and Reliability

THE NORFOLK NATIONAL BANK NORFOLK, VA. U. S. DEPOSITARY



Capital \$1,000,000
Surplus and Undivided Profits 800,000

CALDWELL HARDY, President
A. B. SCHWARZKOPF, Vice-President
E. T. LAMB, Vice-President
W. A. GODWIN, Cashier

Accounts of Banks and Bankers Received on Most Favorable Terms

J. C. BUSH, JR., Vice-Prest.
A. J. WILDMAN, Asst. Cashier

J. W. LITTLE, President

B. W. PADGETT, Cashier
C. R. LITTLE, Asst. Cashier

CAPITAL, \$150,000
SURPLUS AND PROFITS (EARNED) OVER \$650,000

PEOPLES BANK MOBILE

ESTABLISHED 1871

We solicit accounts of Banks, Bankers, Firms, Corporations and Individuals on banking principles, assuring prompt and courteous treatment, and every facility consistent with prudent and conservative banking methods.



DEPOSITORY OF THE UNITED STATES
AND STATE OF ALABAMA

FIRST NATIONAL BANK

BIRMINGHAM, ALA.

Capital \$1,500,000

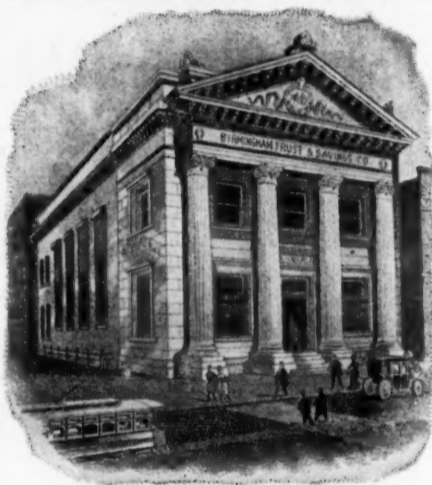
Surplus \$1,500,000

Resources \$15,000,000

J. H. BARR, President
THOMAS HOPKINS, Cashier
THOMAS BOWRON, Ass't Cashier

J. H. WOODWARD, Vice-President
F. S. FOSTER, Ass't Cashier
J. K. FLEMING, Ass't Cashier

COLLECTIONS RECEIVE CAREFUL ATTENTION
SEND US YOUR ALABAMA ITEMS



BIRMINGHAM TRUST & SAVINGS CO.

BIRMINGHAM, ALABAMA

Organized in 1887.

Capital \$500,000 Surplus (Earned) \$650,000

ARTHUR W. SMITH, President
TOM O. SMITH, Vice-President
W. H. MANLY, Cashier

BENSON CAIN, Ass't Cashier
C. D. COTTEN, Ass't Cashier
E. W. FINCH, Ass't Cashier

Steady adherence to conservative banking is
coupled with prompt attention to all business.

ALABAMA COLLECTION ACCOUNTS SOLICITED.



ATLANTA'S LEADING BANKING INSTITUTION

Atlanta National Bank

ATLANTA, GA.

UNITED STATES DEPOSITARY

CAPITAL \$1,000,000
SURPLUS AND PROFITS 1,300,000

CHAS. E. CURRIER, President.
F. E. BLOCK, Vice-President.
JAMES S. FLOYD, Vice-President

GEO. R. DONOVAN, Cashier.
J. S. KENNEDY, Assistant Cashier.
J. D. LEITNER, Assistant Cashier.

Accounts of banks, merchants, corporations and individuals solicited.
Every accommodation given which responsibility and balances warrant.
Correspondence Invited.

Fourth National Bank

ATLANTA, GEORGIA

Capital - - - \$600,000.00
Surplus - - - \$975,000.00

A Good, Strong Bank that will take adequate care of all business
entrusted to it

JAMES W. ENGLISH, President
JOHN K. OTTLEY, Vice-President
CHARLES I. RYAN, Cashier and Vice-Pres't

WM. T. PERKERSON, Asst. Cashier F. M. BERRY, Asst. Cashier
STEWART McGINTY, " " H. B. ROGERS, " "



HAMILTON NATIONAL BANK

CHATTANOOGA, TENN.



Capital
\$1,000,000

Surplus
and
Profits
\$525,000

Our **Collection Facilities** are unsurpassed as we reach direct more than 90 per cent of the banking points in the State, thus assuring **Prompt Service and Reasonable Rates.**

T. R. PRESTON,
President
H. T. OLMSTED,
Vice-President
G. H. MILLER,
Vice-President

C. M. PRESTON,
Cashier
D. S. HENDERSON,
Assistant Cashier
S. A. STRAUSS,
Assistant Cashier

FOURTH AND FIRST NATIONAL BANK

NASHVILLE, TENN.



Capital
and
Surplus
\$2,000,000

Resources
\$14,500,000

Largest Bank in the State

We offer superior facilities
for Tennessee business



The Palmetto National Bank

COLUMBIA, S. C.

Capital, Surplus and Profits - \$750,000.00

WE HAVE DIRECT CONNECTIONS WITH EVERY
BANKING POINT IN SOUTH CAROLINA

WILIE JONES, President
J. J. SEIBELS, 1st Vice-President

THOS. TAYLOR, 2d Vice-President
J. P. MATTHEWS, Cashier

WM. M. GIBBES, Jr., Assistant Cashier



THE HEARD NATIONAL BANK

JACKSONVILLE, FLA.

Capital and Surplus, \$1,250,000

J. J. HEARD, President
W. B. SADLER, Vice-President and Cashier
J. G. BOYD, Vice-President
JOHN M. BELL, Assistant Cashier

FLORIDA ITEMS in bulk our specialty. A correspondent in every
banking town in Florida. **WE INVITE YOUR BUSINESS.**



ORGANIZED 1866

THE FIRST NATIONAL BANK OF HOUSTON, TEXAS

CAPITAL, \$2,000,000

SURPLUS, \$400,000

O. L. COCHRAN, President

J. T. SCOTT, Vice-President

OSCAR WELLS, Vice-President

W. S. COCHRAN, Vice-President

F. E. RUSSELL, Cashier

G. G. TIMMINS, Ass't Cashier

J. L. RUSSELL, Ass't Cashier

H. B. BRINGHURST, Ass't Cashier

J. W. HAZARD, Ass't Cashier

WE INVITE CORRESPONDENCE OF BANKS AND BANKERS DESIRING
UNEXCELLED FACILITIES FOR HANDLING COLLECTIONS ON THE
STATE OF TEXAS.

ESTABLISHED 1873

THE FORT WORTH NATIONAL BANK

FORT WORTH, TEXAS



Capital
\$600,000

(\$200,000 earned)

Surplus
and Profits
\$1,157,500

K. M. VAN ZANDT, President
R. L. ELLISON, Vice-President
F. H. SHERWOOD, Vice-President
ELMO SLEDD, Vice-President and Cashier
R. E. HARDING, Vice-President
E. B. VAN ZANDT, Vice-President
W. M. MASSIE, Assistant Cashier

We cordially invite the correspondence of Banks and
Bankers desiring efficient and satisfactory
service in this territory

City National Bank OF DALLAS

Capital and Surplus \$2,000,000



With its large number of Direct Con-
nections and a modern and well equipped
Transit Department, this bank is thoroughly
prepared to handle Texas collections.

J. B. WILSON, Chairman

R. H. STEWART, President

E. O. TENISON, Vice-Pres.

C. R. BUDDY, Vice-Pres.

J. HOWARD ARDREY, Cashier

HOWARD P. MAY, Asst. Cash.

LANG WHARTON, Asst. Cash.

J. D. GILLESPIE, Asst. Cash.

THE LUMBERMAN'S NATIONAL BANK HOUSTON, TEXAS

CAPITAL, SURPLUS AND PROFITS (over) \$1,000,000

Invites correspondence with banks and bankers who desire a dependable and
economical collection service for their Texas items.

Reserve accounts of both State and National Banks invited.

H. M. GARWOOD, Vice-Pres.

J. P. CARTER, Vice-Pres.

WM. D. CLEVELAND, Jr., Vice-Pres.

S. F. CARTER, President.

GUY M. BRYAN, Active Vice-Pres.

LYNN P. TALLEY, Cashier.

M. S. MURRAY, Assistant Cashier.

H. M. WILKINS, Assistant Cashier.

Whitney-Central National Bank

NEW ORLEANS

Capital, Surplus and Undivided Profits - **\$4,100,000**



Depository of the
United States Government

State of Louisiana and
City of New Orleans

Foreign Exchange Bought
and Sold

Acts as Reserve Agent for
Southern Banks

OFFICERS

SOL WEXLER,
JOHN E. BOUDEN, Jr.,
FRANK B. WILLIAMS,
HARRY T. HOWARD,
MAURITZ PYK,
J. D. O'KEEFE,

President
Vice-President
Vice-President
Vice-President
Vice-President
Vice-President

JNO. B. FERGUSON,
E. H. KEEP,
N. E. BERTEL,
N. M. WHITNEY,
CHARLES T. BAISLEY,
S. J. McMAIN,

Cashier
Assistant Cashier
Assistant Cashier
Assistant Cashier
Manager Foreign Exchange Dept.
Auditor

Whitney-Central Trust & Savings Bank

Trust Department Bond Department General Savings Bank Business

Capital and Surplus, \$400,000

OFFICERS

SOL WEXLER,
HARRY T. HOWARD,
FRANK B. WILLIAMS,

JOHN E. BOUDEN, Jr., President

Vice-President
Vice-President
Vice-President

ALBERT BLOOM,
H. L. FRANTZ,
W. W. BOUDEN,

Vice-President
Vice-President
Cashier

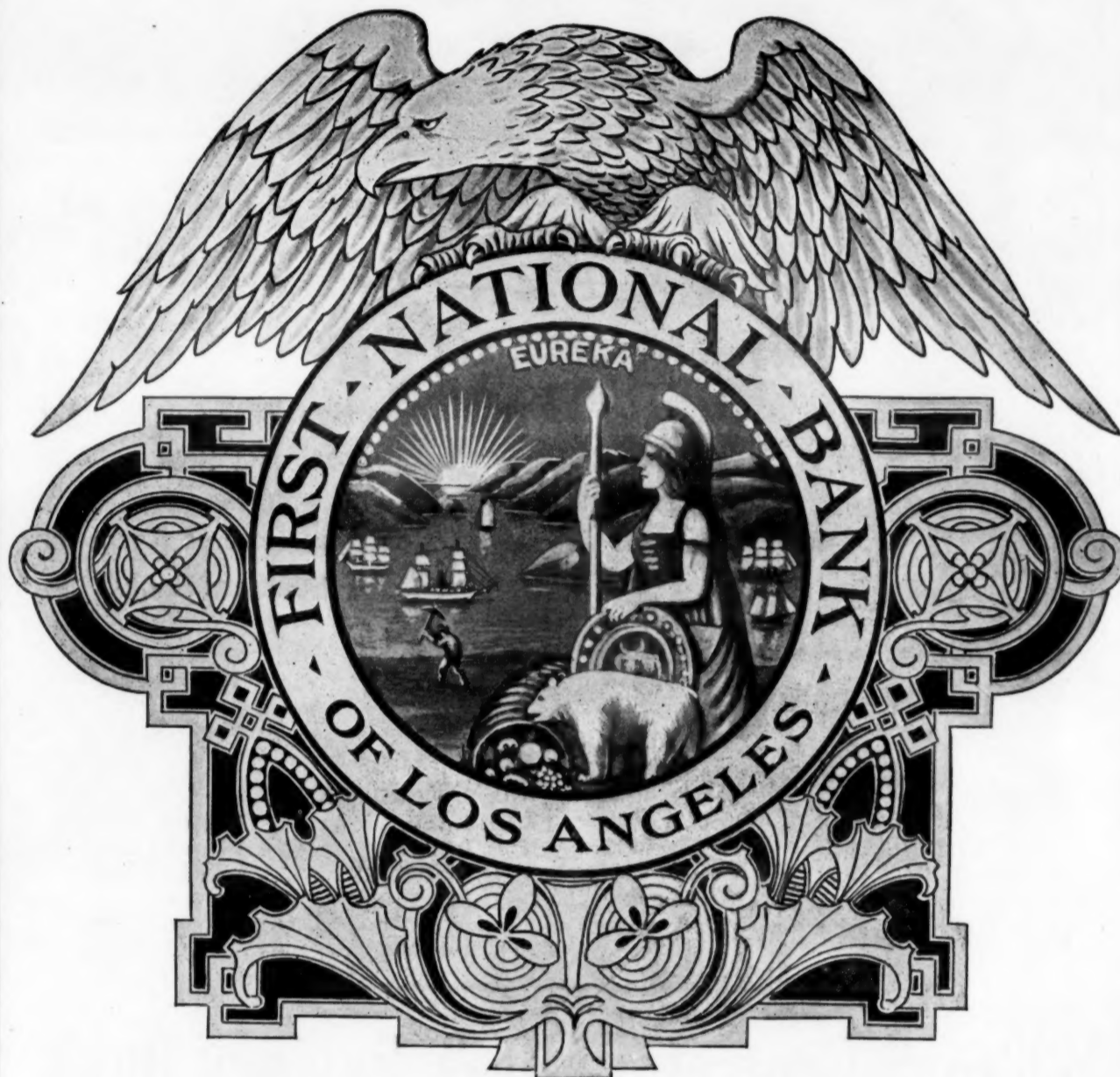
JNO. L. COUTURIER, Assistant Cashier and Trust Officer

Deposits June 30th, 1914 :

Whitney-Central National Bank	-	-	-	\$16,609,804.23
Whitney-Central Trust & Savings Bank	-	-	-	6,306,301.19
Total Deposits	-	-	-	\$22,916,105.42

OFFICERS

J. M. ELLIOTT President
 STODDARD JESS . Vice-President JOHN P. BURKE . Vice-President
 JOHN S. CRAVENS . Vice-President
 W. T. S. HAMMOND Cashier
 E. S. PAULY . . Assistant Cashier E. W. COE . . Assistant Cashier
 A. C. WAY . . Assistant Cashier A. B. JONES . . Assistant Cashier
 W. C. BRYAN . Assistant to the Cashier
 W. H. LUTZ . Auditor



DIRECTORS

JOHN P. BURKE
 Vice-President
 JOHN S. CRAVENS
 Vice-President
 J. C. DRAKE
 President Los Angeles Trust and Savings Bank
 J. M. ELLIOTT
 President
 FRANK P. FLINT
 Attorney
 M. H. FLINT
 Vice-President Los Angeles Trust and Savings Bank
 C. W. GATES
 Capitalist

W. T. S. HAMMOND
 Cashier
 STODDARD JESS
 Vice-President
 H. JEVNE
 H. Jevne Co.
 J. O. KOEPFLI
 Bishop & Co.
 DAN MURPHY
 Capitalist
 E. J. MARSHALL
 Vice-President Torrance, Marshall & Co.
 JOHN B. MILLER
 President Southern California Edison Co.
 F. Q. STORY
 President California Fruit Growers' Exchange

The Citizens National Bank

OF LOS ANGELES

Capital, \$1,500,000 Surplus and Profits, \$700,000

Deposits, \$10,000,000

Ample resources to assure consistent service for all commercial accounts
No service this bank can render will be regarded as unimportant

OFFICERS

A. J. WATERS, President
J. ROSS CLARK, Vice-President
M. J. MONNETTE, Vice-President

WM. W. WOODS, Vice-President
R. W. KENNY, Vice-President
E. T. PETTIGREW, Cashier

GEORGE E. F. DUFFET, Ass't Cashier
GEORGE BUGBEE, Ass't Cashier
H. D. IVEY, Ass't Cashier

WM. R. STAATS CO.

Municipal, School, Railroad
Public Service Corporation

BONDS

And First Mortgage Bonds of Corporations owning extensive
income producing assets, including Farm and Timber Lands

ON THE PACIFIC COAST

ALSO EXECUTE COMMISSION ORDERS IN
LISTED SECURITIES
IN CALIFORNIA

LOS ANGELES SAN FRANCISCO PASADENA CHICAGO
105-107 West Fourth St. 405 Montgomery St. 65 South Raymond Ave. 456 1st Nat'l Bank Bldg.

Cutter, May & Company

Investment Bonds

The Rookery

CHICAGO

THE FIRST NATIONAL BANK OF DENVER

Oldest National Bank in Colorado

UNITED STATES DEPOSITARY



CAPITAL

\$1,250,000



SURPLUS

\$1,000,000



DEPOSITS

\$16,500,000

OFFICERS

H. J. ALEXANDER, President	
THOMAS KEELY, Vice-President	C. S. HAUGHWOUT, Cashier
F. G. MOFFAT, Vice-President	J. C. HOUSTON, Assistant Cashier
GERALD HUGHES, Vice-President	D. R. PLATT, Assistant Cashier
M. D. THATCHER, Vice-President	C. C. HENDRIE, Assistant Cashier
G. M. HAUKE, Auditor	

DIRECTORS

M. D. THATCHER, Chairman of the Board		
H. J. ALEXANDER	J. A. HAYES	C. M. MacNEILL
W. N. W. BLAYNEY	CRAWFORD HILL	W. P. McPHEE
E. B. FIELD	J. C. HOUSTON	F. G. MOFFAT
J. C. GUNTER	GERALD HUGHES	J. W. MOREY
C. S. HAUGHWOUT	A. V. HUNTER	J. K. MULLEN
CHARLES HAYDEN	THOMAS KEELY	

Accounts of Banks and Bankers Received on Favorable Terms
SPECIAL COLLECTION FACILITIES



The International Trust Co.

Denver, Colorado

CAPITAL AND SURPLUS, \$1,000,000
RESOURCES - - - - - 8,500,000

M. D. THATCHER, President

THEO. G. SMITH, Vice-President P. E. CLELAND, Treasurer
H. J. ALEXANDER, Vice-President H. H. BROOKS, Secretary

F. G. HARRINGTON, Asst. Sec.

Transact a General Trust Company Business
BOND DEPARTMENT



FIRST NATIONAL BANK—SOO LINE BUILDING
MINNEAPOLIS, MINN.

MINNEAPOLIS

MINNESOTA

First National Bank

Resources . . . \$35,000,000

Since the days of Lincoln this bank has
been serving fellow bankers in every state.

Our collection department is under the
direct supervision of one of our officers.
All items are handled economically and
quickly.

You are invited to send your business on
Minneapolis and the Central Northwest
to this bank.

FIRST NATIONAL BANK
MINNEAPOLIS

Minneapolis Trust Co.

Capital and Surplus . \$1,200,000

The stockholders of the Minneapolis Trust Co.
and the First National Bank are identical.

Boettcher, Porter & Company

Denver

MUNICIPAL AND CORPORATION BONDS
INVESTMENT SECURITIES

National
Bank of Commerce
In St. Louis

Capital and Surplus
\$12,000,000

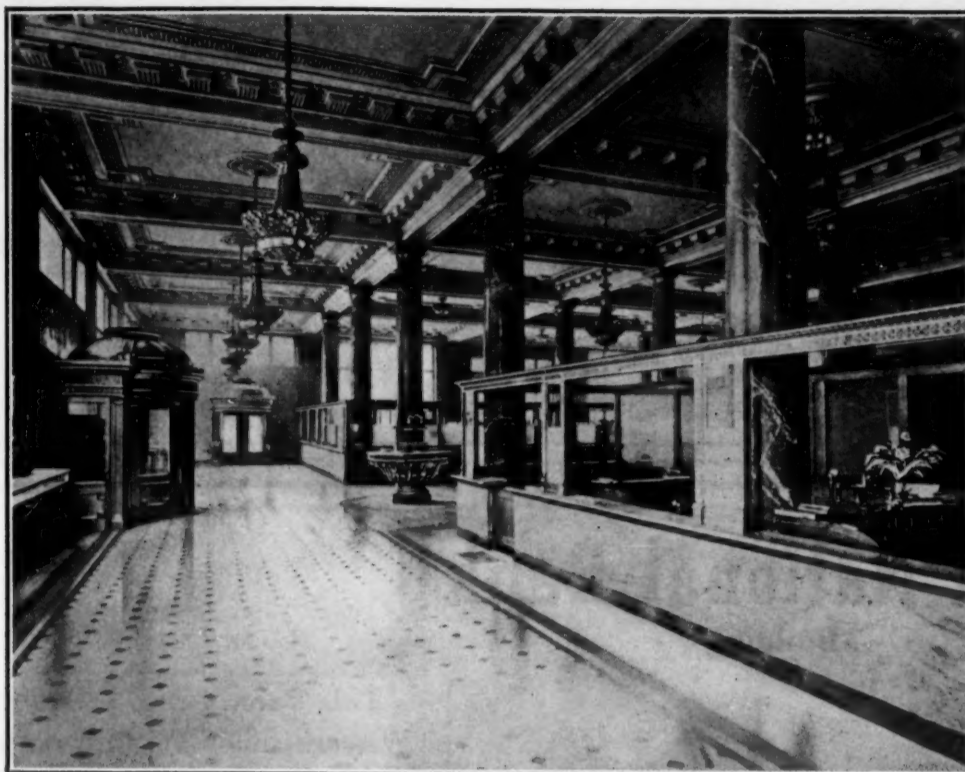
In estimating the safety of a Bank, it is always well to remember that the Capital and Surplus, in other words, the Bank's own money, is that which gives security to the depositors. In view of the financial disturbances through which the country has passed, security is the feature which should merit the first consideration. The large Capital and Surplus of this Bank forms a fund that insures absolute security to those who entrust their money to us.



OFFICERS:

TOM RANDOLPH, President
J. A. LEWIS, Cashier

W. B. COWEN, Vice-President
W. L. McDONALD, Vice-President



The Mechanics-American National Bank OF SAINT LOUIS

An Old Established, Permanent and Conservative Bank

CAPITAL	-	-	\$ 2,000,000
SURPLUS	-	-	2,500,000
RESOURCES	-	-	37,000,000

Superior Facilities Offered to Correspondents

WALKER HILL, President

JACKSON JOHNSON, Vice President
FRANK O. HICKS, Vice President
EPHRON CATLIN, Vice President
JOSEPH S. CALFEE, Cashier

CHARLES L. ALLEN, Assistant Cashier
JAMES R. LEAVELL, Assistant Cashier
PHILIP H. MILLER, Assistant Cashier
WILLIAM H. HETTEL, Assistant Cashier



COMMERCE TRUST BUILDING

COMMERCE TRUST COMPANY

Kansas City, Mo.

Resources \$14,000,000

MUNICIPAL BONDS

Yielding 4% to 5½ %

We specialize in high grade Municipal Securities of the Middle West

Descriptive Offerings on Request

BOND DEPARTMENT

C. E. KEPLINGER, Manager

First National Bank

Building



Milwaukee
Wisconsin

This Bank, being at the center of Wisconsin banking activity and having a most complete system for handling collections, is in a position to transact your Wisconsin banking business at the most reasonable rates and with the utmost dispatch.

The First National Bank

OF MILWAUKEE

Capital and Surplus

\$4,000,000

William R. Compton Company

Merchants-Laclede Building
ST. LOUIS

Pine and William Streets
NEW YORK

111 West Monroe Street
CHICAGO

ESTABLISHED IN 1889

MUNICIPAL AND CORPORATION BONDS

We own a carefully selected list of over thirty issues of high class City, School and other Tax Bonds

Special attention paid to
BANK BUSINESS

List of Investments sent
on application



THE
Omaha National Bank
OMAHA, NEB.

Capital	-	-	-	\$1,000,000
Surplus and Profits	-	-	-	875,000
Resources	-	-	-	16,000,000

J. H. MILLARD, President
WM. WALLACE, Vice-President
W. H. BUCHOLZ, Vice-President
WARD M. BURGESS, Vice-President

J. DeF. RICHARDS, Cashier
FRANK BOYD, Assistant Cashier
B. A. WILCOX, Assistant Cashier
EZRA MILLARD, Assistant Cashier
OTIS ALVISON, Assistant Cashier

Special Collection Facilities for Nebraska and the Northwest



The First Trust Company
in Detroit

Capital, \$1,000,000.00

Established in 1891

Trusts of Every Kind Loans
Investment Securities Certificates of Deposit
Abstracts Guaranty of Titles

Union Trust Company

Congress and Griswold Sts.
DETROIT, MICH.

EDWARD P. RUSSELL

WALTER S. BREWSTER

C. L. PENISTON

RUSSELL, BREWSTER & CO.

SUCCESSORS TO

EDWARD L. BREWSTER & CO.

BANKERS AND BROKERS

116 West Adams Street, CHICAGO

Trinity Building, NEW YORK

MEMBERS OF

Chicago Stock Exchange New York Stock Exchange Chicago Board of Trade

We have on hand a carefully selected assortment of Bonds for investment. Particulars on application.
Correspondence of Bankers Invited.

OLD NATIONAL BANK

GRAND RAPIDS, MICH.

Capital and Surplus, \$1,400,000
Resources, \$9,000,000

OLDEST BANK IN WESTERN MICHIGAN

CORRESPONDENCE INVITED

WILLARD BARNHART	President
CLAY H. HOLLISTER	Vice President
WILLIAM JUDSON	Vice President
GEO. F. MACKENZIE	Cashier
H. A. WOODRUFF	Asst. Cashier
ROBERT Y. SPEIR	Asst. Cashier

THE MICHIGAN TRUST COMPANY

GRAND RAPIDS, MICH.

<i>Capital</i>	- - - -	<i>\$200,000</i>
<i>Surplus</i>	- - - -	<i>600,000</i>

LEWIS H. WITHEY, President
WILLARD BARNHART, Vice-Prest.
HENRY IDEMA, 2nd Vice-Prest.
F. A. GORHAM, 3rd Vice-Prest.
GEORGE HEFFERAN, 4th Vice-Prest.
CLAUDE HAMILTON, Secretary
JOHN H. SCHOUTEN, Asst. Secretary
EMERSON W. BLISS, 2d Asst. Secretary

Acts as Executor, Administrator, Guardian,
Trustee, Receiver, Assignee, etc. Loans
Money on Real Estate. Takes entire
charge of Property. Audits books.
Has High Grade Bonds and other Sec-
urities for sale.

Howe, Snow, Corrigan & Bertles

INVESTMENT BANKERS

GRAND RAPIDS, MICHIGAN

We underwrite and distribute seasoned bonds and preferred
stocks, and purchase and operate well-es-
tablished public service properties.

KELSEY, BREWER & COMPANY BANKERS

ENGINEERS :: OPERATORS
PUBLIC UTILITIES

GRAND RAPIDS, MICHIGAN

WE PURCHASE PUBLIC SERVICE PROPERTIES WHICH HAVE ESTABLISHED EARNINGS

THE PEOPLES STATE BANK

DETROIT, MICH.

CAPITAL AND SURPLUS

\$4,000,000

DEPOSITS

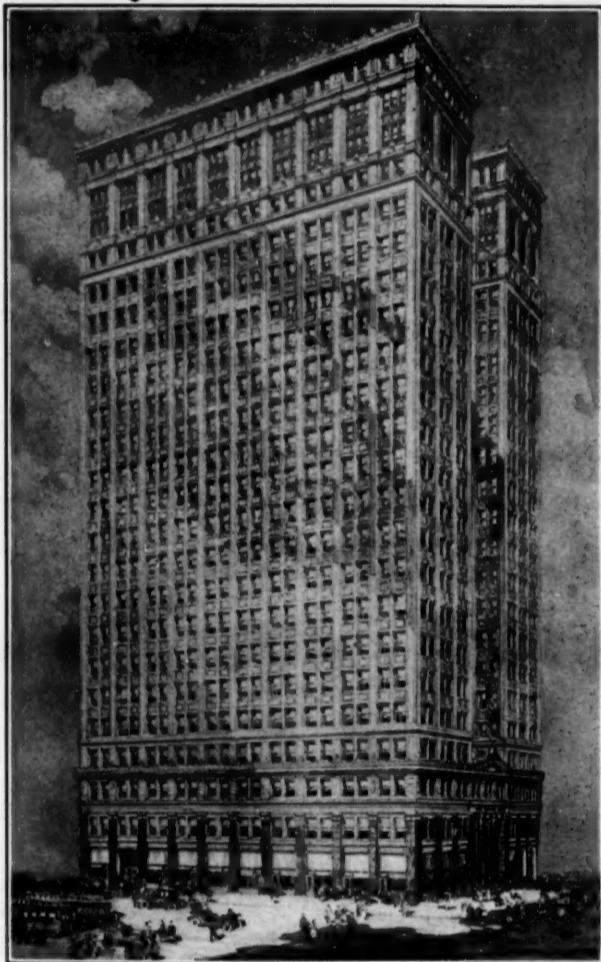
\$44,000,000

WRITE US ABOUT YOUR
MICHIGAN COLLECTIONS



GEO. H. RUSSEL, President.
GEO. E. LAWSON, Vice-Pres.
R. S. MASON, Vice-Pres.
F. A. SCHULTE, Vice-Pres.
AUSTIN E. WING, Cashier.
H.P. BORGMAN, Cash. Sav. Dept.
R. W. SMYLLIE, Mgr. Credit Dept.
J. R. BODDE, Assist. Cashier.
C. H. AYERS, Assist. Cashier
ENOCH SMITH, Assist. Cashier.
R. T. CUDMORE, Asst. Cashier
GEO. T. COURTNEY, Auditor

Accounts of Banks, Bankers and Trust Companies Received on Favorable Terms



THE

Dime Savings Bank

Detroit, Mich.

Capital - - - \$1,000,000

Surplus and Profits over \$850,000

Deposits over - - - \$18,000,000

COMMERCIAL AND SAVINGS
DEPARTMENTS

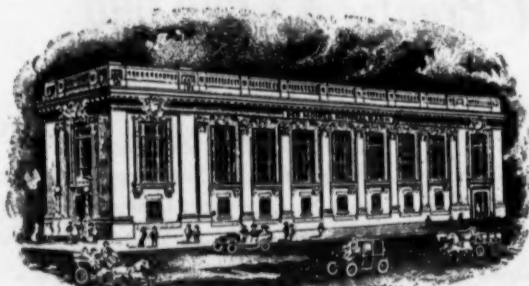
¶ The Dime Savings Bank, with its able management and progressive policy, keeps apace with Detroit's remarkable business development.

OFFICERS

WILLIAM LIVINGSTONE, President
GEORGE H. BARBOUR, Vice-President
CHAS. A. WARREN, Vice-President and Cashier
F. F. TILLOTSON } Asst. Cashiers { D. S. CARNEGIE
L. C. SHERWOOD } { C. E. PARTRIDGE
GEO. T. BREEN, Auditor

DES MOINES NATIONAL BANK

DES MOINES, IA.



Offers its services to all seeking a desirable connection for handling IOWA business. Its central location and large list of correspondents afford facilities unexcelled in this field.

Capital - \$750,000.00

Surplus - 150,000.00

ARTHUR REYNOLDS
President

J. H. BLAIR
Vice-President

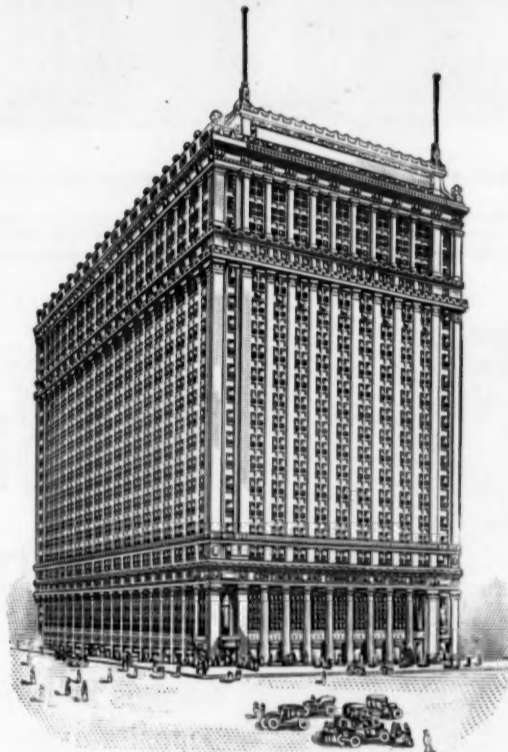
C. A. BARR
Cashier

A. J. ZWART
Assistant Cashier

Continental and Commercial National Bank of Chicago

Capital, Surplus and Undivided Profits, \$32,000,000

GEORGE M. REYNOLDS, President
RALPH VAN VECHTEN, V.-Pres't
ALEX. ROBERTSON, V.-Pres't
HERMAN WALDECK, V.-Pres't
JOHN C. CRAFT, V.-Pres't
JAMES R. CHAPMAN, V.-Pres't
WM. T. BRUCKNER, V.-Pres't
NATHANIEL R. LOSCH, Cashier



OUR NEW HOME

JOHN R. WASHBURN, Ass't Cashier
HARVEY C. VERNON, Ass't Cashier
GEO. B. SMITH, Ass't Cashier
WILBER HATTERY, Ass't Cashier
H. ERSKINE SMITH, Ass't Cashier
WILSON W. LAMPERT, Ass't Cashier
DAN NORMAN, Ass't Cashier
GEO. A. JACKSON, Ass't Cashier

Continental and Commercial Trust and Savings Bank

Capital, Surplus and Undivided Profits, \$5,000,000

Trust, Savings and Bond Departments

OFFICERS

JOHN JAY ABBOTT,	GEORGE M. REYNOLDS, - - President	FRANK H. JONES,	Secretary
GEO. B. CALDWELL,	Vice-President	WM. P. KOPF,	Ass't Secretary
CHARLES C. WILLSON,	Vice-President	HENRY C. OLCOTT,	Mgr. Bond Dept.
	Cashier		

The Hibernian Banking Association

Capital, Surplus and Undivided Profits, \$3,000,000

OFFICERS

DAVID R. LEWIS,	GEORGE M. REYNOLDS, - - President	EVERETT R. McFADDEN,	Secretary
HENRY B. CLARKE,	Vice-President	JOHN P. V. MURPHY,	Mgr. Sav. Dept.
LOUIS B. CLARKE,	Vice-President	GEORGE ALLAN,	Ass't Cashier
FREDERIC S. HEBARD,	Cashier	THOS. E. McGRATH,	Ass't Cashier

Combined Resources of these Affiliated Banks Over \$250,000,000

Fort Dearborn National Bank

CHICAGO, ILLINOIS



United States Depositary

Capital	-	-	-	-	\$ 2,000,000
Surplus and Profits	-	-	-	-	1,000,000
Deposits	-	-	-	-	35,000,000

Comparative Showing of Deposits

February 14, 1908.....	\$ 9,887,954.84
February 5, 1909.....	11,617,691.24
March 29, 1910.....	15,041,357.21
March 7, 1911.....	21,574,956.79
December 5, 1911.....	25,445,199.89
June 14, 1912.....	28,433,836.35
April 4, 1913.....	30,497,943.26
August 9, 1913.....	31,746,750.94
October 21, 1913.....	32,225,932.28
March 4, 1914.....	33,602,780.35
June 30, 1914.....	35,267,516.64

WM. A. TILDEN, President

NELSON N. LAMPERT, Vice-President
J. FLETCHER FARRELL, Vice-President
HENRY R. KENT, Vice-President
JOHN FLETCHER, Vice-President
GEORGE H. WILSON, Cashier

CHARLES FERNALD, Ass't Cashier
THOMAS E. NEWCOMER, Ass't Cashier
WM. W. LeGROS, Ass't Cashier
CHARLES L. BOYÉ, Ass't Cashier
WM. L. McKEE, Ass't Cashier

HARRY LAWTON, Manager Foreign Department

We particularly desire accounts of banks. Our officer in charge is personally acquainted with conditions in your section. We know your wants and wish to serve you.

State Bank of Chicago

ESTABLISHED 1879

Capital	-	-	-	-	-	\$1,500,000.00
Surplus and Undivided Profits (Earned)	-	-	-	-	-	3,000,000.00
Deposits	-	-	-	-	-	25,000,000.00

Accounts of "out-of-town" Banks, Manufacturers, Merchants and Individuals, desiring to avail themselves of our facilities, developed and perfected during a period of thirty-five years of successful banking, are invited and will receive as liberal treatment as their responsibility, balances and business warrant.

OFFICERS

L. A. GODDARD, President

HENRY A. HAUGAN, Vice-President
HENRY S. HENSCHEN, Cashier
FRANK I. PACKARD, Assistant Cashier
C. EDW. CARLSON, Assistant Cashier

WALTER J. COX, Assistant Cashier
EDWARD A. SCHROEDER, Ass't Cashier
SAMUEL E. KNECHT, Secretary
WILLIAM C. MILLER, Assistant Secretary

La Salle and Washington Streets, Chicago

The Real Estate Trust Co. of Philadelphia

Broad and Chestnut Streets

CAPITAL \$3,794,000

Solicits Deposits of Firms, Corporations and Individuals—Interest Allowed

*Is fully equipped to handle all Business pertaining to a Trust Company,
in its Banking, Trust, Real Estate and Safe Deposit Departments*



George H. Earle, Jr., President

S. F. Houston, Vice-President

John A. McCarthy, Trust Officer

Edw. S. Buckley, Jr., Treasurer

William R. Philler, Secretary

Directors

***George H. Earle, Jr.
Edward P. Borden
Frank C. Roberts
James F. Sullivan***

***Cyrus H. K. Curtis
Samuel F. Houston
William A. Patton
Richard Y. Cook***

***J. Levering Jones
George Woodward, M.D.
R. Dale Benson
Bayard Henry***

***August B. Loeb
John Gribbel
Louis J. Kolb***

Fourth Street National Bank

Philadelphia

SOLICITS the accounts of Banks,
Bankers, Corporations, Firms and
Individuals. Exceptional Facilities for
making Collections throughout the
World.—Foreign Exchange Bought
and Sold.—Travelers' and Commercial
Letters of Credit issued and Transfers
made by Cable.

Capital	\$3,000,000
Surplus and Net Profits . .	6,800,000

E. F. SHANBACKER, President.

JAMES HAY, Vice-President.

FRANK G. ROGERS, Vice-President.

R. J. CLARK, Cashier.

W. A. BULKLEY, Ass't Cashier.

W. K. HARDT, Ass't Cashier.

C. F. SHAW, Jr., Ass't Cashier.

DIRECTORS

SIDNEY F. TYLER, Chairman.

JAMES HAY,
FRANK T. PATTERSON,
CHARLES I. CRAGIN,
WILLIAM A. DICK,
EFFINGHAM B. MORRIS,
WM. R. NICHOLSON,

RUDOLPH ELLIS,
FRANCIS I. GOWEN,
ISAAC H. CLOTHIER,
C. S. W. PACKARD,
E. F. SHANBACKER,

JAMES M. WILLCOX,
T. C. du PONT,
E. W. CLARK,
THOMAS S. GATES,
WILLIAM DE KRAFFT,
FRANK G. ROGERS.

Capital \$1,000,000

Surplus \$4,000,000

THE
PHILADELPHIA TRUST
SAFE DEPOSIT AND INSURANCE
COMPANY

PHILADELPHIA

415 Chestnut Street

Broad Street Office, 1415 Chestnut Street

DIRECTORS

William L. Du Bois, Chairman

William L. Du Bois
John Story Jenks
Lincoln Godfrey
Samuel Y. Heebner

N. Parker Shortridge
William W. Frazier
Edward T. Stotesbury
Levi L. Rue

W. W. Atterbury
Samuel M. Vauclain
J. Franklin McFadden
Thomas S. Gates

THOMAS S. GATES
President

JOHN STORY JENKS
Vice-President

HENRY G. BRENGLE
Vice-President & Treasurer

T. ELLWOOD FRAME
Secretary

Incorporated March 10, 1812

Charter Perpetual

THE
PENNSYLVANIA COMPANY

For Insurances on Lives and Granting Annuities

517 Chestnut Street

Broad Street Office: Franklin Bank Building

CAPITAL, \$2,000,000

SURPLUS, \$4,000,000

(Trust and Safe Deposit Company)

C. S. W. PACKARD, President

Invites the accounts of Individuals and Corporations.
Acts as Executor, Administrator, Trustee, Guardian,
Assignee, Receiver, Agent, etc.

Acts as Trustee of Corporation Mortgages, Registrar
and Transfer Agent.

Rents Safe Deposit Boxes in Burglar-Proof Vaults.

PHILADELPHIA, PA.

THE PHILADELPHIA NATIONAL BANK

PHILADELPHIA

Organized 1803

National Bank 1864

Accounts of Banks, Bankers, Mercantile Firms and
Corporations Invited

FOREIGN EXCHANGE BOUGHT AND SOLD

Letters of Credit Issued

STATEMENT OF CONDITION, SEPTEMBER 12, 1914 RESOURCES

Loans and Discounts.....	\$39,623,603.77
Clearing House Loan Certificates on hand.....	2,090,000.00
Due from Banks.....	8,341,745.36
Exchanges from Clearing House	1,203,554.99
Cash and Reserve.....	12,345,834.09
Customers' Liability under Letters of Credit...	2,098,415.00
	<u>\$65,703,153.21</u>

LIABILITIES

Capital Stock.....	\$1,500,000.00
Surplus and Net Profits (Earned)	4,936,130.64
Circulation.....	1,842,597.50
Letters of Credit.....	2,109,942.80
DEPOSITS { Individual... \$33,143,433.63 }	55,314,482.27
Bank..... 22,171,048.64 }	
	<u>\$65,703,153.21</u>

Fully Equipped in Every Department for the Prompt, Safe
and Expeditious Handling of Its Clients' Business. The Customers of this Bank Have the Use of Exceptional Facilities.

LEVI L. RUE, President.	LINCOLN GODFREY, Vice President.	HARRY J. KESER, Cashier.
HORACE FORTESCUE, Assistant Cashier.	WILLIAM S. MADDOX, Assistant Cashier.	DAVID W. STEWART, Assistant Cashier.



The Market Street National Bank PHILADELPHIA

JAMES F. SULLIVAN, President
 GEORGE H. EARLE, JR., 1st Vice-Pres. WM. P. SINNETT, Cashier
 GEO. D. McCREARY, 2nd Vice-Pres. FREDERICK F. SPELLISSY, Asst. Cashier

Capital - - - \$1,000,000
 Surplus - - - 1,100,000

ACCOUNTS SOLICITED CORRESPONDENCE INVITED
 COLLECTION FACILITIES FIRST CLASS

THE FIRST NATIONAL BANK CHARTERED

*Organized } For
 Equipped } Service
 Conducted }*

YOU APPRECIATE GOOD SERVICE WE APPRECIATE YOUR BUSINESS

CORRESPONDENCE INVITED

FIRST NATIONAL BANK PHILADELPHIA

OFFICERS

J. TATNALL LEA, President CHAS. H. JAMES, Assistant Cashier
 WM. A. LAW, First Vice-President FREAS B. SNYDER, " "
 KENTON WARNE, Second Vice-President HARRY J. HAAS, " "
 THOMAS W. ANDREW, Cashier



Total Resources - - - - \$30,000,000

THIRD NATIONAL BANK PHILADELPHIA

Condition at Close of Business, Sept. 12th, 1914

RESOURCES		LIABILITIES	
Loans and Discounts	\$5,398,806.33	Capital	\$ 600,000.00
Due from Banks	819,359.70	Surplus and Undivided Profits, Net	937,058.52
Cash and Reserve	908,522.30	Circulation	299,800.00
Exchanges for Clearing House	173,508.77	Deposits	4,828,338.58
	\$7,300,197.10	Clearing House Loan Certificates	635,000.00
			\$7,300,197.10

OFFICERS

LEWIS R. DICK, President THOS. J. BUDD, Vice-Pres't & Cashier
 W. CLIFFORD WOOD, Asst. Cashier WM. T. TOMLINSON, 2nd Asst. Cashier

DIRECTORS

THOMAS J. BUDD JACOB S. DISSON JOSEPH J. MARTIN EDGAR D. STOW
 FRANK P. CROFT SAMUEL FREDERIC HOUSTON HUMBERT B. POWELL W. LEMAR TALBOT
 LEWIS R. DICK GEORGE W. KENDRICK, JR. GEORGE BRINTON ROBERTS LOUIS M. WAGNER



*For quick, reliable
service under any
Banking System*

CORN EXCHANGE NATIONAL BANK, Philadelphia

Union National Bank PHILADELPHIA

Capital, - - - - - \$500,000
Surplus, - - - - - 650,000

W. H. CARPENTER,
President
THEODORE H. CONDERMAN
Vice-President
LOUIS N. SPIELBERGER,
Cashier
JOHN W. MINK,
Assistant Cashier

DIRECTORS

W. H. CARPENTER
IGNATIUS J. DOHAN
AARON GANS
T. H. CONDERMAN
HARLAN PAGE
WM. T. TILDEN
CHARLES H. ZEHNDER
HORACE T. POTTS
CHARLES S. WALTON
JOHN H. BOLTZ
HENRY F. MITCHELL
S. S. MARVIN
WM. STUART REYBURN



Unexcelled facilities for the handling of
your banking business. Accounts invited

LYBRAND, ROSS BROS. & MONTGOMERY CERTIFIED PUBLIC ACCOUNTANTS

NEW YORK
55 Liberty Street

LONDON
58 Coleman St., E. C.

PHILADELPHIA
Morris Bldg.

CHICAGO
Harris Trust Building

PITTSBURGH
Union Bank Building

SAN FRANCISCO
Kohl Bldg.

SEATTLE
Central Bldg.

ESTABLISHED 1866

BODINE, SONS & CO.

COMMERCIAL PAPER

COLLATERAL LOANS NEGOTIATED

129 SOUTH FOURTH STREET

PHILADELPHIA, PA.

EDWARD B. SMITH & CO.

BANKERS

N. E. COR. BROAD AND CHESTNUT STS.
PHILADELPHIA

27 PINE ST., NEW YORK

Members New York
and Philadelphia
Stock Exchanges

Inquiries Invited for
High Grade Investment
Securities



Second Oldest Bank in New Jersey

The Trenton Banking Company TRENTON, N. J.

Chartered by the State of New Jersey, Dec. 3, 1804, this bank has continued in business ever since that time at the same location.

Capital and Surplus, \$1,100,000
Deposits, \$3,500,000

Correspondents in all the principal towns of New Jersey. Send Us Your Trenton Business. We guarantee prompt, careful attention.

OFFICERS

JOHN A. CAMPBELL, President	ROBERT W. HOWELL, Cashier
HENRY W. GREEN, Vice-President	IRA FROST, Assistant Cashier
FOSTER C. GRIFFITH, Vice-President	

THE PLAINFIELD TRUST COMPANY

Plainfield, N. J.



1902 - 1914

RESOURCES
OVER \$5,000,000.00

OFFICERS

O. T. WARING, President
A. V. HEELY, Vice-President
HENRY A. McGEE, Vice-President
J. HERBERT CASE, Vice-President
DeWITT HUBBELL, Sec'y-Treas.
F. IRVING WALSH, Asst. Sec'y-Treas.
A. H. KIRBY, Asst. Treasurer

ESTABLISHED 1873

CAMDEN SAFE DEPOSIT AND TRUST COMPANY

CAMDEN, N. J.

SEPTEMBER 12, 1914

Capital, Surplus and Undivided Profits, \$1,379,017.66
Deposits 6,770,874.14
Trust Funds 9,000,000.00

Well equipped for the settlement of estates, care of trust funds and other financial business

ALEXANDER C. WOOD, President
WILLIAM S. SCULL, Vice-President
EPHRAIM TOMLINSON, 2nd Vice-Pres. and Trust Officer
JOSEPH LIPPINCOTT, Secretary and Treasurer
GEORGE J. BERGEN, Solicitor

Oldest Trust Company in Morris County, New Jersey. Established in 1892

MORRISTOWN TRUST COMPANY

Morristown, N. J.

SAMUEL FREEMAN - - - - - President

RESOURCES ABOUT EIGHT AND ONE-HALF MILLION DOLLARS

A safe place to put your money where you can get it when wanted; draws interest from date deposited until date withdrawn—always subject to daily check—
with interest added at the rate of Three Per Cent.

Interest allowed at Four Per Cent. on Time Certificates of Deposit of \$1,000 upwards, running four, six to twelve months.

The Mechanics' Trust Company of New Jersey

BAYONNE, N. J.

Only Trust Company in New Jersey that clears through the New York Clearing House

OFFICERS

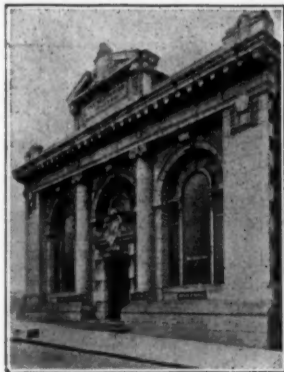
DE WITT VAN BUSKIRK, President
CHRISTIAN B. ZABRISKIE, Vice-President
FREDERIC C. EARL, Vice-President
WILLIAM R. WILDE, Treasurer
MAX MORALLER, Secretary

COLLECTIONS

Daily Presentation by our Messengers on Staten Island (Borough of Richmond, New York City), Jersey City, (including Greenville), Hoboken and Bayonne.

Collections for and Accounts of Banks Solicited.

Reciprocal Balances Based on Volume of Business.



ORGANIZED 1886

DIRECTORS

CHARLES S. NOË
Chairman of the Board
WILLIAM G. BESLER
JOSEPH BRADY
CHAS. A. DANA
WARREN DELANO
WILLIAM DONALD
LUCIUS F. DONOHUE
FREDERIC C. EARL
WILLIAM C. FARR
CHARLES H. HAMPTON
JOHN W. HARDENBERGH
JOHN A. MIDDLETON
JAMES P. SNEDDON
DE WITT VAN BUSKIRK
CHRISTIAN B. ZABRISKIE

UNION NATIONAL BANK NEWARK, N. J.

United States Depository

Capital - - - \$1,500,000
Surplus - - - - 2,500,000
Resources - - 19,000,000

Equipped to Handle Accounts of
Banks, Bankers, Corporations
Merchants and Individuals

WILLIAM SCHEERER, President
UZAL H. McCARTER, Vice-President
ARCHIBALD W. CONKLIN, Cashier
E. D. FARNSWORTH, Asst. Cashier
WM. C. PEARSON, Asst. Cashier

ESSEX COUNTY NATIONAL BANK NEWARK, N. J.

Capital - - - - - \$1,000,000
Surplus and Profits - - - 1,650,000



United States Depository

CHARLES L. FARRELL, President
FRANK B. ADAMS, Vice-Pres.
BENJAMIN ATHA, Vice Pres.
GEO. F. REEVE, Vice-Pres.
A. F. R. MARTIN, Cashier

The Oldest and Largest National Bank in Union County
ESTABLISHED 1812

NATIONAL STATE BANK ELIZABETH, N. J.

Depository of the United States, State of New Jersey, County of Union and City of Elizabeth.

Capital Paid In - - - -	\$350,000.00
Stockholder's Liability - - - -	\$350,000.00
Earned Surplus - - - -	\$800,000.00
Total - - - -	\$1,500,000.00

DIRECTORS

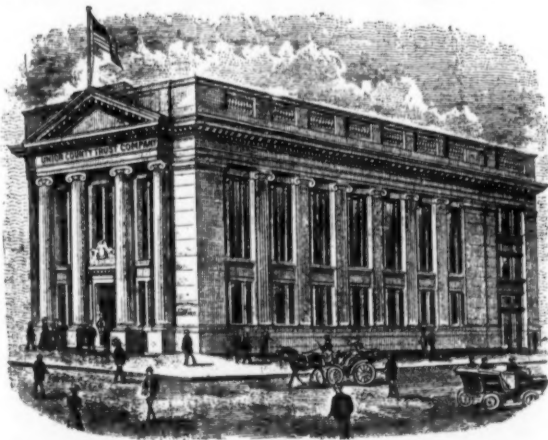
HON. JOHN KEAN,	JULIAN H. KEAN,	HAMILTON F. KEAN,	JAMES C. OGDEN,
AUGUST HEIDRITTER,	EDWARD C. WOODRUFF,	JOHN W. WHELAN.	

OFFICERS

HON. JOHN KEAN, President.	JULIAN H. KEAN, Vice-President.	JOHN F. NEWCOMB, Cashier.	W. H. WETTON, Ass't Cashier.
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Every Accommodation Afforded Depositors Consistent With Sound Banking.
Accounts Solicited. Interest Paid on Deposits.

UNION COUNTY TRUST COMPANY ELIZABETH, N. J.



DEPOSITS - - - \$4,500,000
CAPITAL AND SURPLUS 340,000

OFFICERS

CHARLES H. K. HALSEY, President
LOUIS F. HERSH, Vice-President RUSSELL W. LEWIS, Sec'y and Trust Officer
EDWARD A. FAULKS, Treasurer

PATERSON NATIONAL BANK

PATERSON, N. J.

United States and State Depository



Capital
\$300,000

Surplus
and
Profits
\$450,000

Deposits
\$2,600,000

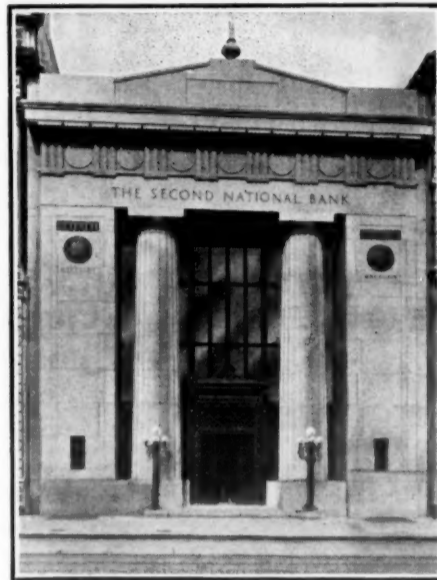
Hon. JOHN W. GRIGGS, President
JOHN S. COOKE, Vice-President
ELMER Z. HALSTED, Cashier
DANIEL H. MURRAY, Ass't Cashier

Accounts and Correspondence Invited

THE Second National Bank

of PATERSON, N. J.

IN BUSINESS HALF A CENTURY



Commercial and Saving Accounts

SAFE AND SUBSTANTIAL

WILLIAM D. BLAUVELT, President
FRANCIS C. VAN DYK, Vice-President
EDWIN N. HOPSON, Cashier
WESSELS VAN BLARCOM, Ass't Cashier



FIRST NATIONAL BANK

1864

PATERSON, N. J.

1914

U. S.—State—City and County Depository

Capital and Surplus, \$1,215,000

EDWARD T. BELL, President
ROBERT J. WELDEN, Vice-President

WHITFIELD W. SMITH, Cashier
FREDERICK D. BOGERT, Ass't Cashier

Collections remitted for on day of payment

THE ATLANTIC SAFE DEPOSIT and TRUST CO.

ATLANTIC CITY, N. J.

Capital, \$150,000

Surplus and Profits, \$450,000

TRANSACTS A GENERAL BANKING AND
TRUST BUSINESS

OFFICERS

JOSEPH THOMPSON,
President and Trust Officer

LEWIS EVANS,
Vice-President

M. D. YOUNGMAN,
2nd Vice-President

SILAS SHOEMAKER
Secretary and Treasurer





The New England States

Maine, New Hampshire, Vermont,
Massachusetts, Rhode Island, Connecticut
Comprise

Federal Reserve District No. 1



As the Largest Bank in that territory
we are fully equipped to handle your
New England Business

National Shawmut Bank of Boston

TOTAL ASSETS OVER \$110,000,000

HAYDEN, STONE & CO.

LONG TERM INVESTMENTS

Investors purchasing securities of proven merit at the present time can secure a larger permanent income from their funds than has been possible for many years.

We own and offer an attractive and varied list:

- Offering 1. A First Mortgage 5% Bond, maturing in 29½ years, a first lien upon the entire property of one of the largest public utility companies in the United States, under exceptional management, protected by over 100% cash equity, large earnings and favorable franchises.
- Offering 2. A First Mortgage 4½% Bond, tax exempt in Massachusetts, secured by a first lien upon a new twelve-story office building in the banking section of Boston, a trust fund investment of the highest grade, having 19½ years to run.
- Offering 3. An exceptionally strong 7% Preferred Stock, tax exempt in New York, New Hampshire and Vermont. The total issue, \$2,480,000, secured by assets of over \$8,000,000, including real estate of value exceeding Preferred issue, and a business established over fifty years. There are no prior liens.
- Offering 4. A 7% Preferred Stock of a very strong Massachusetts corporation, tax exempt in Massachusetts, New Hampshire and Vermont, and secured by Net Quick Assets of \$215 for each \$100 of Preferred Stock, and Net Quick and Fixed Assets of \$409 for each \$100 of Preferred Stock. This Company has been successful for half a century.

A full description of any of the above offerings mailed upon request.

HAYDEN, STONE & CO.

Boston
87 Milk Street

New York
25 Broad Street

INCORPORATED 1792

THE NATIONAL UNION BANK BOSTON

Capital, Surplus and Profits, over \$2,500,000

Total Resources, \$13,000,000

OFFICERS

HENRY S. GREW, President

THEOPHILUS PARSONS, Vice-President

CHARLES P. BLINN, Jr., Vice-President

WILLIAM S. B. STEVENS, Cashier

ARTHUR E. FITCH, Assistant Cashier



FEDERAL TRUST COMPANY

CORNER OF DEVONSHIRE AND WATER STREETS
BOSTON, MASS.

We want to handle your business

OFFICERS:

JOSEPH H. O'NEIL, President

JOHN C. HEYER, } Vice Presidents
JAMES W. KENNEY, }

SAMUEL A. MERRILL, Treasurer

DAVID BATES, Actuary-Secretary

CALEB B. HOOD, Asst. Secretary

EDWARD B. LYNCH, Asst. Treas.

Total Resources - - \$9,000,000

BOND & GOODWIN

Commercial Paper Investment Securities

New York
111 Broadway

Boston
30 State St.

Chicago
230 So. La Salle St.

San Francisco
454 California St.

Minneapolis
416 N. Y. Life Bldg.

Boston Safe Deposit & Trust Company

100 Franklin Street, Boston

IN ACTIVE BUSINESS SINCE 1875

Capital and Surplus Earnings \$3,800,000

Deposits \$14,000,000



OFFICERS

CHARLES E. ROGERSON,
President.
JAMES LONGLEY,
Vice-President.
WILLIAM C. WILLIAMS,
Vice-President.
GEORGE E. GOODSPEED,
Treasurer.
EDWARD E. STEVENS,
Assistant Treasurer.
ROLAND E. CHAFEY,
Assistant Treasurer.
HENRY A. FENN, Secretary.
Manager Safe Deposit Department.
HERBERT D. HEATHFIELD,
Assistant Secretary.
FRANCIS J. BURRAGE,
Assistant Secretary.
MARVIN SPRAGUE,
Trust Officer.
WILLARD T. CARLETON,
Asst. Trust Officer.

DIRECTORS

James Longley	Richard M. Saltonstall
Henry S. Shaw	Jerome Jones
Nathaniel J. Rust	Nathaniel F. Ayer
Frank G. Webster	George W. Wheelwright
Arthur F. Estabrook	John W. Farwell
Wallace L. Pierce	C. Minot Weld
Costello O. Converse	William H. Wellington
Edward W. Hutchins	Nathaniel Stevens
James R. Dunbar	John S. Lawrence
Elwyn G. Preston	John R. Macomber
Charles E. Rogerson	Lewis A. Crossett
	Charles F. Dowse

We solicit the accounts of individuals, corporations, firms and banks and allow interest.

We are authorized to act as Executor and Trustee under wills, Trustee under individual indentures and Administrator of estates. In the above capacities we now hold over Twenty-four Million Dollars (\$24,000,000).

We act as Trustee under Railroad and other corporate mortgages, Transfer Agent, Fiscal Agent and Registrar of Transfers, and have departments admirably equipped to care for this business.

We rent Safe Deposit boxes from \$10 to \$350 per year, affording absolute protection for securities or valuables. Our Safe Deposit Vault is the **LARGEST IN NEW ENGLAND.**

MERRILL OLDHAM & COMPANY

We recommend Bonds for Investment

35 Congress Street Boston

INTERNATIONAL TRUST CO., Boston

Capital \$1,000,000.00

Surplus \$1,000,000.00

DIRECTORS

CECIL Q. ADAMS, General Manager Bristol Patent Leather Co.
SAMUEL G. ADAMS, Brown & Adams, Wool
FREDERICK AYER, American Woolen Co.
JAMES A. BAILEY, Jr., Attorney and Counsellor-at-Law
CHARLES G. BANCROFT, President
THOMAS BARBOUR, Curator of Harvard College
ELMER J. BLISS, Regal Shoe Co.
EDWIN P. BROWN, General Manager United Shoe Machinery Co.
ALONZO N. BURBANK, International Paper Co.
WILLIAM W. CRAPO, President New Bedford Institution for Savings
HENRY V. CUNNINGHAM, Attorney and Counsellor-at-Law
WENDELL ENDICOTT, Endicott-Johnson Co.



DIRECTORS

OLIVER M. FISHER, President M. A. Packard Shoe Co.
JOHN M. GRAHAM, Capitalist
WALTER B. HENDERSON, John D. Paige & Co., Insurance
JOHN M. LONGYEAR, Mineral and Timber Lands
GEORGE B.H. MACOMBER, G.B.H. Macomber Co.
ROBERT M. MORSE, Attorney and Counsellor-at-Law
WILLIAM A. MULLER, William A. Muller & Co., Insurance
JAMES J. PHELAN, Hornblower & Weeks
EDMUND H. TALBOT, Attorney and Counsellor-at-Law
LOREN D. TOWLE, Real Estate
HERBERT F. WINSLOW, Real Estate
SIDNEY W. WINSLOW, Jr., Director U. S. Smelting Refining and Mining Co.

OFFICERS

FREDERICK AYER, Vice President
HENRY L. JEWETT, Vice President and Secretary

CHARLES G. BANCROFT, President
CLIFFORD B. WHITNEY, Treasurer
A. FRANCIS HAYDEN, Trust Officer

EDWARD H. GRAHAM, Assistant Treasurer
CHESTER B. PIERCE, Assistant Treasurer

SAFE DEPOSIT VAULTS

A. G. BECKER & CO.

(INCORPORATED)

COMMERCIAL PAPER

Southwest Corner
La Salle and Monroe Streets

Chicago, Ill.

RHODE ISLAND HOSPITAL TRUST CO.

PROVIDENCE, R. I.

The Oldest Trust Company in New England

CAPITAL, \$2,500,000

SURPLUS, \$2,500,000

HERBERT J. WELLS, President

HORATIO A. HUNT, Vice-President
WILLIAM A. GAMWELL, Vice-Pres't & Secy.
JOHN E. WILLIAMS, Ass't Secretary
HENRY B. HAGAN, Ass't Secretary
ERNEST A. HARRIS, Ass't Secretary

PRESTON H. GARDNER, Vice-Pres't & Trust Officer
CYRUS E. LAPHAM, Ass't Secretary
HENRY L. SLADER, Ass't Secretary
GILBERT A. HARRINGTON, Ass't Trust Officer
JOHN H. WELLS, Ass't Secretary
GEORGE H. CAPRON, Ass't Secretary

ESTABLISHED 1818

U. S. DEPOSITARY

THE

Merchants National Bank OF PROVIDENCE, R. I.

Capital, \$1,000,000

Surplus Earnings, \$1,000,000

Total Resources, over \$10,000,000

COLLECTIONS on points in this State made direct and remitted for promptly at low rates

ROBERT W. TAFT, President
HORATIO N. CAMPBELL, Vice-President

MOSES J. BARBER, Cashier
FRANK A. GREENE, Asst. Cashier

ALBERT P. MILLER, Jr.

**Industrial Trust Company Building
PROVIDENCE, R. I.**

**Local Securities
Gas, Electric Lighting and Railway
Bonds and Stocks**

INDUSTRIAL TRUST CO.

Providence, R. I.

LARGEST BANK IN RHODE ISLAND

Total Resources over \$55,000,000

OFFICERS:

SAMUEL P. COLT, Chairman of the Board
H. MARTIN BROWN, President
WARD E. SMITH, Treasurer
JOSHUA M. ADDEMAN, Vice-President
H. HOWARD PEPPER, Trust Officer
JAMES M. SCOTT, Vice-President
HENRY B. CONGDON, Secretary
CHARLES C. HARRINGTON, Vice-President
E. EUGENE CHESEBRO, Asst. Secretary
FRANK C. NICHOLS, Vice-President
J. CUNLIFFE BULLOCK, Asst. Secretary
ELMER F. SEABURY, Auditor

CORRESPONDENCE INVITED

THE SPRINGFIELD NATIONAL BANK

SPRINGFIELD, MASS.

HENRY H. BOWMAN, President
ROBERT W. DAY, Vice-President

RALPH P. ALDEN, Cashier
PHILIP S. BEEBE, Assistant Cashier

Comparative Statements of Twenty-one Years' Business:

Year	Capital	Surplus and Profits	Deposits
1893.....	\$200,000.00	\$ 51,766.00	\$ 382,000.00
1897.....	200,000.00	87,968.00	1,002,000.00
1901.....	200,000.00	244,564.00	1,762,000.00
1905.....	250,000.00	307,125.00	2,196,000.00
1909.....	500,000.00	581,500.00	3,150,000.00
1913.....	500,000.00	675,650.00	4,100,000.00
1914.....	500,000.00	742,750.00	4,467,000.00

Attention is called to the steady increase from year to year in all three of these accounts.
The original Capital paid in at the date of the Bank's organization, May 6, 1893, was \$200,000.00.
On May 6, 1904, the Capital was increased \$50,000.00 and on May 6, 1909, was again increased \$250,000.00.
The Capital is now \$500,000.00, Surplus \$500,000.00, and Undivided Profits over \$240,000.00.



One Hundred and Twenty-Two Years Old

HARTFORD NATIONAL BANK

ESTABLISHED 1792

HARTFORD, CONN.

Capital \$1,200,000
Surplus and Profits . . . 1,100,000

HAROLD W. STEVENS, President
W. S. ANDREWS, Assistant Cashier

FRANK P. FURLONG, Vice Prest. & Cashier
A. G. BRA'NERD, Assistant Cashier

The Strongest National Bank in New England Outside of Boston

MERCHANTS NATIONAL BANK

WORCESTER, MASS.

Capital and Surplus, \$1,500,000

THE LARGEST NATIONAL BANK IN MASSACHUSETTS OUTSIDE OF BOSTON

NEW ENGLAND COLLECTIONS A SPECIALTY

F. A. DRURY President
C. A. EVANS Vice-President
C. S. PUTNAM Cashier
A. R. BRIGHAM Asst. Cashier
E. W. JENKINS Asst. Cashier



SECURITY TRUST COMPANY

1 Central Square LYNN, MASSACHUSETTS 27 Market Square

Capital and Surplus, \$400,000 Resources, \$4,300,000

This Company is equipped to transact a general banking business and solicits the accounts of firms, corporations and individuals, to whom it assures courteous treatment and every facility consistent with prudent banking methods.

BENJ. F. SPINNEY, President
CHARLES S. GROVER, Vice-President
C. IRVING LINDSEY, Vice-President
ERNEST G. MITCHELL, Mgr. Branch Office
HARRISON P. BURRILL, Treasurer
RALPH C. BROAD, Ass't Treasurer

NEW YORK STATE NATIONAL BANK

ALBANY

Original Charter 1803

Capital, \$500,000 Surplus, \$500,000

Deposits, \$22,500,000

Direct Service in New York
and New England States



BANK CHARTERED AND BUILDING ERECTED
1803

LEDYARD COGSWELL, President	
HENRY M. SAGE,	GEORGE A. WHITE,
Vice-President	Cashier
LEDYARD COGSWELL, Jr.,	WILLIAM BRUCE,
Vice-President	Asst. Cashier

THIRD NATIONAL BANK of Buffalo, N. Y.

WE INVITE THE ACCOUNTS OF BANKS AND
BANKERS. SERVICE PROMPT AND EFFICIENT

SEND US YOUR BUFFALO ITEMS

W. F. HOPKINS, Vice-President
HOWARD H. BAKER, Vice-President
GEO. A. DRUMMER, Cashier

JOHN W. ROBINSON, President

C. J. RITTER, Asst. Cashier
B. C. RALPH, Asst. Cashier
HENRY J. BENSON, Asst. Cashier



Our New Building, to be Occupied About January 1st, 1915

CITIZENS TRUST COMPANY

Utica, N. Y.

Resources over \$6,000,000

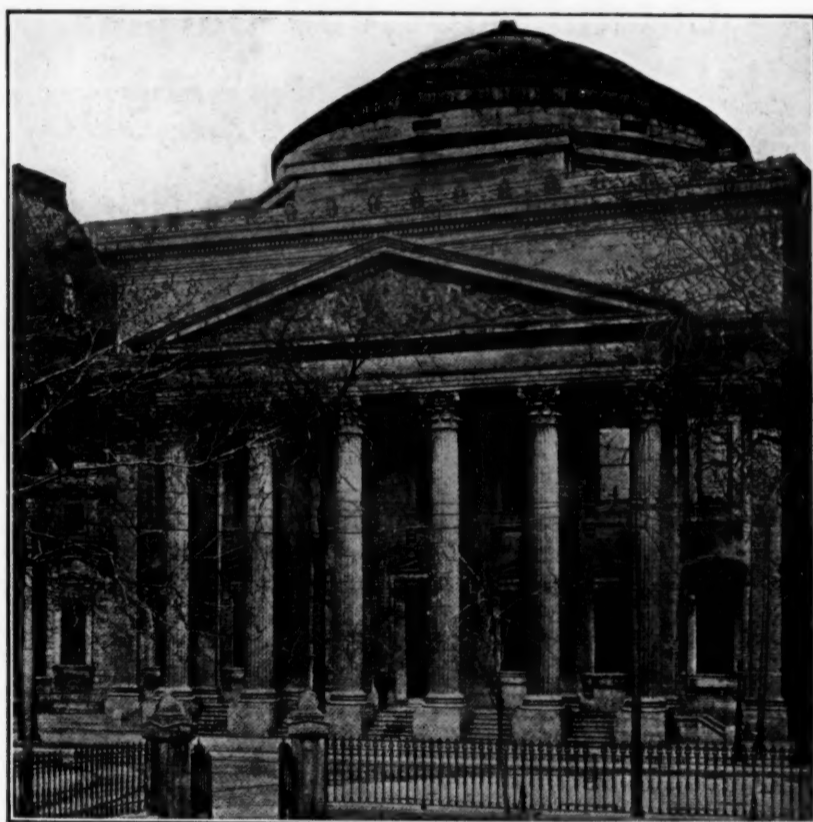
W. I. TABER, President	
W. T. DUNMORE, Vice President	D. G. JONES, Auditor
E. B. ODELL, Vice President	G. LYNN MARRIOTT, Assistant Treasurer
F. H. DOOLITTLE, Secretary	S. B. FRENCH, Assistant to President

Bank of Montreal

ESTABLISHED 1817

Head Office : : : MONTREAL, CANADA

Capital paid up	-	-	\$16,000,000
Rest	-	-	\$16,000,000
Undivided Profits	-	-	\$1,098,968



BOARD OF DIRECTORS

H. V. MEREDITH, *President*

R. B. ANGUS
HON. ROBT. MACKAY
C. R. HOSMER
H. R. DRUMMOND

E. B. GREENSHIELDS
SIR THOS. SHAUGHNESSY, K. C. V. O.
A. BAUMGARTEN
D. FORBES ANGUS

SIR WILLIAM MACDONALD
DAVID MORRICE
C. B. GORDON
WM. MCMASTER

SIR FREDERICK WILLIAMS-TAYLOR, *General Manager*
A. D. BRAITHWAITE, *Assistant General Manager*

This Bank, with its Branches in every important city and town in Canada and Newfoundland, with offices also in New York, Chicago and Spokane, Mexico, and London, England, offers exceptional facilities for the transaction of a General Banking business.

Buys and Sells Sterling and Continental Exchange; issues Commercial and Travelers' Credits, available in any part of the World; issues drafts on and makes collections at all points; also makes transfers to its various offices.

Savings Departments connected with each Canadian Branch, and interest allowed at current rates.

NEW YORK OFFICE - - - - - 64 WALL STREET

R. Y. HEBDEN, W. A. BOG, J. T. MOLINEUX, Agents

LONDON OFFICES - { 47 THREADNEEDLE ST., E. C.
 { 9 WATERLOO PL., PALL MALL, S. W.

G. C. CASSELS, Manager

The Canadian Bank of Commerce

ESTABLISHED 1867

CAPITAL, \$15,000,000

RESERVE, \$13,500,000

SIR EDMUND WALKER, C.V.O., LL.D., D.C.L., President
ALEXANDER LAIRD, General Manager JOHN AIRD, Ass't General Manager



HEAD OFFICE, TORONTO

This bank, having 378 branches in Canada, is enabled to place at the disposal of its Correspondents unexcelled facilities for the transaction of every kind of banking business throughout the Dominion.

Special attention given to the collection of Commercial paper.

ACCOUNTS OF AMERICAN BANKS RECEIVED ON
FAVORABLE TERMS—CORRESPONDENCE INVITED

New York Agency—16 Exchange Place

Wm. Gray and H. P. Schell, Agents

PORTLAND BRANCH

F. C. Malpas, *Manager*

SAN FRANCISCO BRANCH

G. W. B. Heathcote, *Manager*

SEATTLE BRANCH

G. V. Holt, *Manager*

MEXICO CITY BRANCH

J. P. Bell, *Manager*

LONDON, ENGLAND, OFFICE, H. V. F. Jones, *Manager*

THE BANK OF BRITISH NORTH AMERICA

Established in 1836. Incorporated by Royal Charter in 1840

Paid-up Capital £1,000,000

Reserve Fund £620,000

HEAD OFFICE, 5 GRACECHURCH ST., LONDON, E. C.

COURT OF DIRECTORS

F. R. S. BALFOUR
JOHN H. BRODIE

J. H. MAYNE CAMPBELL

EDW. ARTHUR HOARE
E. G. HOARE

FREDERIC LUBBOCK
C. W. TOMKINSON

GEO. DUNBAR WHATMAN

JACKSON DODDS, Secretary

W. S. GOLDBY, Manager

Head Office in Canada, 140 St. James St., Montreal

H. B. MACKENZIE, General Manager

JAMES ANDERSON, Superintendent of Branches

H. A. HARVEY, Superintendent of Eastern Branches, Montreal

J. McEACHERN, Superintendent of Central Branches, Winnipeg

O. R. ROWLEY, Chief Inspector

J. H. GILLARD and N. V. R. HUUS, Inspectors, Montreal

B. C. GARDINER, Assistant Inspector

A. S. HALL, Inspector, Winnipeg

H. R. POWELL, Assistant Inspector

BRANCHES IN CANADA

Agassiz, B. C.
Alexander, Man.
Ashcroft, B. C.
Battleford, Sask.
Bella Coola, B. C.
Belmont, Man.
Bobcaygeon, Ont.
Boucherville, P. Q.
Bow Island, Alta.
Brandon, Man.
Brantford, Ont.
Bromhead, Sask.
Burdett, Alta.
Cainsville, Ont.
Calgary, Alta.
Campbellford, Ont.
Ceylon, Sask.
Darlingford, Man.
Davidson, Sask.
Dawson, Yukon.
Duck Lake, Sask.
Duncan, B. C.
Edmonton, Alta.
Esquimalt, B. C.
Estevan, Sask.

Fenelon Falls, Ont.
Fort George, B. C.
Fredericton, N. B.
Girvin, Sask.
Halifax, N. S.
Hamilton, Ont.
" Westinghouse Av.
" Victoria Av.
Hedley, B. C.
Ituna, Sask.
Kandahar, Sask.
Kaslo, B. C.
Kelliher, Sask.
Kerrisdale, B. C.
Kingston, Ont.
Lampman, Sask.
Lillooet, B. C.
London, Ont.
" Market Sq.
Longueuil, P. Q.
Lytton, B. C.
Macleod, Alta.
Midland, Ont.
Montreal, P. Q.
" St. Catherine St.

Montreal, Rosemount.
Mount Dennis, Ont.
North Battleford, Sask.
North Vancouver, B. C.
Oak River, Man.
Ottawa, Ont.
Prince Rupert, B. C.
Punnichy, Sask.
Quebec, Que.
" St. John's Gate
Quesnel, B. C.
Raymore, Sask.
Regina, Sask.
Reston, Man.
Rhein, Sask.
Rossland, B. C.
Rosthern, Sask.
St. Catharines, Ont.
St. John, N. B.
" Union St.
" Haymarket Sq.
St. Stephen, N. B.
Saltcoats, Sask.
Saskatoon, Sask.
Selkirk, Man.

Semans, Sask.
Toronto, Ont.
" { King and
" { Dufferin Sts.
" { Bloor and
" { Lansdowne
" { Queen St. and
" { Beach Ave.
" Royce Av.
Trail, B. C.
Vancouver, B. C.
Varennes, P. Q.
Verdun, P. Q.
Victoria, B. C.
" James Bay, B. C.
Wakaw, Sask.
Waldron, Sask.
Weston, Ont.
West Toronto, Ont.
" " { Union &
" " { Stock Yards
Winnipeg, Man.
" McGregor
Wynyard, Sask.
Yorkton, Sask.
150 Mile House, B. C.

AGENCIES IN THE UNITED STATES

NEW YORK (Opened 1843) 52 WALL STREET

W. T. OLIVER and P. C. HARRISON, Agents

SAN FRANCISCO, A. G. FRY and A. S. IRELAND, Agents 264 California St.

FOREIGN AGENTS—LONDON—The Bank of England and Messrs. Glyn & Co. LIVERPOOL—Bank of Liverpool. SCOTLAND—National Bank of Scotland, Limited, and Branches. IRELAND—Provincial Bank of Ireland, Limited, and Branches; National Bank, Limited, and Branches. AUSTRALIA—Union Bank of Australia, Limited. NEW ZEALAND—Union Bank of Australia, Limited. INDIA, CHINA and JAPAN—Hong Kong & Shanghai Banking Corporation, also Mercantile Bank of India, Limited. WEST INDIES—Colonial Bank. PARIS—Credit Lyonnais. LYONS—Credit Lyonnais. MEXICO—Banco de Londres y Mexico and Branches.

Drafts on South Africa and West Indies may be obtained at the Bank's Branches
Issues Travellers Credits available in all parts of the World

AGENTS IN CANADA FOR COLONIAL BANK, LONDON, AND WEST INDIES

AGENTS IN NEW YORK FOR BANCO DE LONDRES Y MEXICO, MEXICO CITY AND BRANCHES

The Royal Bank of Canada

INCORPORATED 1869

Capital Authorized - - - - - \$25,000,000
 Capital Paid Up - - - - - 11,560,000
 Reserve and Undivided Profits - - - 13,575,000
 Aggregate Assets - - - - - 185,000,000

Head Office, Montreal

BOARD OF DIRECTORS

H. S. HOLT, President E. L. PEASE, Vice-President
 E. F. B. JOHNSTON, K. C., 2nd Vice-President

WILEY SMITH
 HON. DAVID MACKEEN

JAS. REDMOND
 G. R. CROWE
 D. K. ELLIOTT

Hon. W. H. THORNE ; WM. ROBERTSON
 HUGH PATON A. J. BROWN, K. C.
 T. J. DRUMMOND W. J. SHEPPARD

C. S. WILCOX
 A. E. DYMENT
 C. E. NEILL

E. L. PEASE, General Manager

C. E. NEILL and F. J. SHERMAN, Asst. General Managers

W. B. TORRANCE, Supt. of Branches



NEW YORK AGENCY, THE ROYAL BANK OF CANADA
 Corner William and Cedar Streets
 The entire ground floor of this building has been
 secured under a long lease

Branches in Canada :

160 in Ontario and Quebec
 70 in Maritime Provinces
 60 in Central Western Provinces
 48 in British Columbia

3 Branches in Newfoundland

Branches in West Indies :

28 in Cuba, Porto Rico and Dominican Republic, also

Bahamas Barbados Jamaica
 Nassau Bridgetown Kingston

Grenada Trinidad
 St. George's Port of Spain and San Fernando

British Honduras
 Belize

British Guiana
 Georgetown New Amsterdam

LONDON, Eng.
 Princes St., E. C.

NEW YORK
 68 William St.

**COLLECTIONS in Canada, Cuba,
 British West Indies, Etc., handled
 promptly and on favorable terms**

A GENERAL BANKING BUSINESS TRANSACTED



HEAD OFFICE BUILDING

THE DOMINION BANK

Head Office

TORONTO, CANADA

Capital (Paid-up) - - - \$5,998,000
Reserve Fund and }
Undivided Profits } - 7,800,000

SIR EDMUND B. OSLER, M. P., President
WILMOT D. MATTHEWS, Vice-Pres.
CLARENCE A. BOGERT, Gen. Mgr.

LONDON, ENGLAND, BRANCH
73 CORNHILL, E. C.

NEW YORK AGENTS
NATIONAL CITY BANK—NATIONAL PARK BANK

Branches and Correspondents throughout Canada and United States
Collections Made and Remitted for Promptly

The Merchants' Bank of Canada

ESTABLISHED 1864

Head Office: MONTREAL

Capital Paid Up
\$7,000,000

Reserve Fund and Undivided Profits
\$7,248,134

Sir H. MONTAGU ALLAN, President

K. W. BLACKWELL, Vice-President

E. F. HEBDEN, General Manager

A GENERAL BANKING BUSINESS TRANSACTED

CANADIAN COLLECTIONS

Having 219 Branches and Agencies in Canada, and very satisfactory arrangements at other points, this Bank's facilities for making collections throughout the Dominion are unsurpassed.

Canadian Checks cashed, and money transferred to Canada by mail or telegraph,
on favorable terms by the

NEW YORK AGENCY :: 63-65 WALL STREET

W. M. RAMSAY, C. J. CROOKALL, Agents

Telephones, Hanover 8057-8058

BANKERS IN GREAT BRITAIN

The London Joint Stock Bank, Limited

The Royal Bank of Scotland

THE BANK OF OTTAWA

ESTABLISHED 1874

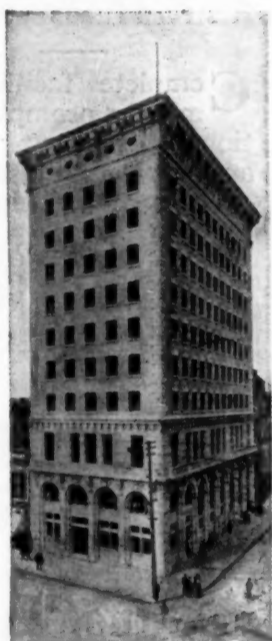
HEAD OFFICE, OTTAWA, CANADA

Capital Authorized	- - - -	\$5,000,000
Capital Paid Up	- - - -	4,000,000
Rest and Undivided Profits	- - - -	4,952,759

98 OFFICES IN CANADA

Correspondence from American Bankers solicited in connection with their Canadian Business

UNION BANK OF CANADA



HEAD OFFICE, WINNIPEG

Head Office - WINNIPEG

Established 1865

Paid-up Capital and Reserve Fund,	\$8,400,000
Total Assets, Over	\$80,000,000

BOARD OF DIRECTORS

WM. PRICE, Hon. President
JOHN GALT, President
R. T. RILEY, G. H. THOMSON, Vice-Presidents
W. R. Allan, Hon. S. Barker, P.C., M.P.
Col. John W. Carson B. B. Cronyn M. Bull W. Shaw E. L. Drewry
F. E. Kenaston E. E. A. DuVernet, K.C. S. Haas J. S. Hough K.C.
G. H. BALFOUR, General Manager
H. B. SHAW, Assistant General Manager
F. W. S. CRISPO, Superintendent of Branches and Chief Inspector

PRINCIPAL CORRESPONDENTS

LONDON, ENG.—Bank of England
" " —Parr's Bank, Limited
NEW YORK, N. Y.—The National Park Bank
BOSTON, MASS.—The National Shawmut Bank
CHICAGO, ILL.—The Corn Exchange National Bank
SAN FRANCISCO, CAL.—The Bank of California, N. A.

LONDON, ENG. BRANCHES—6 Princes St., F. W. Ashe, Manager
WEST END BRANCH—26 Haymarket, S. W., G. M. C. Hart-Smith, Man

BRANCHES IN CANADA

MARITIME PROVINCES	- 2	SASKATCHEWAN	- 91
QUEBEC	- 14	ALBERTA	- 51
ONTARIO	- 96	BRITISH COLUMBIA	- 23
MANITOBA	- 49		

The Bank having over 320 Branches in Canada, extending from Halifax to Prince Rupert, offers excellent facilities for the transaction of every description of Banking Business. It has correspondents in all Cities of importance throughout Canada, the United States, the United Kingdom, the Continent of Europe, and the British Colonies.

Collections made in all parts of the Dominion of Canada and returns promptly remitted at lowest rates of exchange. Letters of Credit and Travelers' Cheques issued available in all parts of the world.

Canadian Bonds
Debentures and Shares
appraised without
charge

Correspondence
invited

W. GRAHAM BROWNE & CO.

Investment Bankers

Montreal

UNION EXCHANGE NATIONAL BANK of NEW YORK

Capital and Surplus
\$2,000,000.00

Deposits
\$11,000,000.00

Organized 1903
Member of New York Clearing House

A STRICTLY UP-TO-DATE COMMERCIAL BANK

SITUATED IN THE NEW COMMERCIAL AND MANUFACTURING DISTRICT, FIFTH AVENUE AND TWENTY-FIRST STREET
Banks that can handle to advantage the items payable in their locality are invited to correspond with us

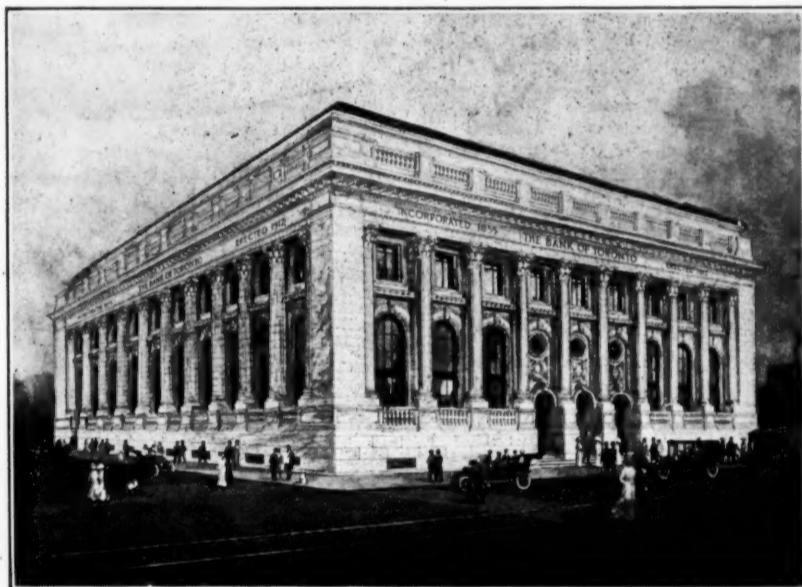
OFFICERS

SIDNEY H. HERMAN, President
DAVID NEVIUS, Vice-President and Cashier
GEORGE B. CONNLEY, Assistant Cashier

LOUIS J. WEIL, Vice-President
O. A. GLAZEBROOK, Jr., Asst. Cashier

BANK OF TORONTO

HEAD OFFICE: TORONTO, CANADA
INCORPORATED 1855



HEAD OFFICE: TORONTO, CANADA

Capital \$5,000,000
Reserved Funds 6,307,272

Complete facilities for making prompt collections throughout Canada and for banking business of every description.

AGENTS IN UNITED STATES

NEW YORK, Nat. Bank of Commerce.
CHICAGO, First National Bank.
BUFFALO, Manufacturers' & Traders' National Bank.
ST. LOUIS, Nat. Bank of Commerce.

DUNCAN COULSON, President
W. G. GOODERHAM, Vice-President
JOSEPH HENDERSON, 2d Vice-Pres.

THOS. F. HOW, General Manager

117 Branches in Ontario, Quebec and the West
ASSETS, \$60,000,000



INCORPORATED 1855

THE MOLSONS BANK

Head Office: MONTREAL
92 BRANCHES IN CANADA

Capital Paid Up	- - - - -	\$4,000,000
Reserve Fund	- - - - -	4,800,000
Total Assets Over	- - - - -	50,000,000

EDWARD C. PRATT, General Manager

SPECIAL ATTENTION GIVEN TO COLLECTIONS
RECEIVED FROM THE UNITED STATES

The Capital and Counties Bank, Ltd.

ESTABLISHED 1834

HEAD OFFICE: 39, Threadneedle Street, LONDON, ENGLAND

(\$5-£1)

Subscribed Capital	-	-	-	-	-	-	\$43,750,000
Paid Up Capital	-	-	-	-	-	-	8,750,000
Reserve Fund	-	-	-	-	-	-	4,000,000

Deposit and Current Account (30th June, 1914)	-	\$204,427,710
Cash in Hand, at Call and at short notice	-	64,326,250
Investments	-	26,848,065
Bills of Exchange, Advances and Other Securities	-	126,520,645

This Bank has upwards of 500 Offices in England and Wales

The Bank undertakes the Agency of Foreign and Colonial Banks, collects Documentary and other Drafts payable in the United Kingdom for its American and Canadian Correspondents. Acts, by arrangement, as paymaster, at the whole of its Branches, for the encashment of Letters of Credit, Drafts, Travellers' Checks and American and Canadian Money Orders.

AGENTS IN THE UNITED STATES AND CANADA

NEW YORK—The Natl. City Bank of New York
CHICAGO—The First Natl. Bank of Chicago

MONTREAL—Bank of Montreal
TORONTO—The Canadian Bank of Commerce

CABLE ADDRESS: *Elmfield, London*

CODES: *Leiber's—Western Union—Peterson's International*

BANK OF NEW SOUTH WALES

(Established 1817)

Total Assets, at 31st March, 1914

\$254,228,600



LONDON DIRECTORS

SIR ROBT. L. LUCAS-TOOTH, Bart., Chairman
Sir FREDERICK GREEN
H. L. M. TRITTON, Esq.
DAVID GEORGE, Mgr.
HALKERSTONE MELDRUM, Asst. Mgr.
J. S. CAMPBELL, Secretary

Paid-up Capital	-	-	\$17,500,000
Reserve Fund	-	-	12,250,000
Reserve Liability of Proprietors	-	17,500,000	
			\$47,250,000

Head Office, SYDNEY, NEW SOUTH WALES

London Office, 29, Threadneedle Street, E. C.

The Bank has 340 BRANCHES and AGENCIES in the Australian States, New Zealand, Fiji, Papua (New Guinea), and London, and Agents and Correspondents all over the World, on whom the London Office grants Circular Letters of Credit and Circular Notes. Also issues Drafts on demand. Makes Mail and Cable Transfers. Negotiates and Collects Bills of Exchange. Receives Deposits for Fixed Periods, on terms which may be known on application, and transacts every description of Australian Banking Business. Wool and Produce Credits arranged.

Agents in New York: Standard Bank of South Africa, Ltd., 55 Wall Street

HONGKONG AND SHANGHAI BANKING CORPORATION

HONGKONG, CHINA



HEAD OFFICE, HONGKONG AND SHANGHAI BANKING CORPORATION, HONGKONG

THE Head Office of the Hongkong and Shanghai Banking Corporation is located in Hongkong, China. It was incorporated by Special Ordinance of the Legislative Council of Hongkong, in 1867. It has a paid up Capital of Hongkong currency **\$15,000,000**; Sterling Reserve Fund, **\$15,000,000**; Silver Reserve Fund, **\$18,000,000**. Reserve liability of Proprietors, **\$15,000,000**. June 30, 1914, the current accounts (gold and silver) were **\$186,581,093.73** and the fixed deposits were **\$126,648,533.08** and total assets **\$419,772,913.67**.

It has 36 Branches and Agencies in China, Japan, India, Java, Straits Settlements, Philippines, etc., and Agencies and Correspondents in all the principal cities of the world.

WADE GARDNER, Agent
36 Wall St., New York

The Royal Bank of Scotland

INCORPORATED BY ROYAL CHARTER 1727.

Governor.

HIS GRACE THE DUKE OF BUCCLEUCH AND QUEENSBERRY, K.G., K.T.

Deputy-Governor.

THE RIGHT HON. THE EARL OF ELGIN AND KINCARDINE, K.G.

ORDINARY DIRECTORS.

CHARLES CARLOW, Coalmaster, Edinburgh.
ERNEST ARCHIBALD DAVIDSON, 10 Belgrave Crescent, Edinburgh.
JOHN PATRICK WRIGHT, Writer to the Signet, Edinburgh.
SIR HENRY COOK, Writer to the Signet, Edinburgh.
CHARLES C. MACNOCHIE, K.C., Sheriff of the Lothians and Peebles.
JAMES A. FLEMING, K.C., Vice-Dean of the Faculty of Advocates.
ANDREW HUGH TURNBULL, Actuary, Edinburgh.
EDWARD GORREL BAXTER of Teasses.
LEONARD WALTER DICKSON, Chartered Accountant, Edinburgh.

EXTRAORDINARY DIRECTORS.

The Right Hon. the EARL OF ABERDEEN, K.T.
SIR JOHN HATT NOBLE GRAHAM of Larbert, Baronet.
The Right Hon. the EARL OF STRATHMORE AND KINGHORNE.
SIR HUGH SHAW STEWART of Greenock and Blackhall, Baronet.
The Hon. LORD DUNDAS, LL.D., one of the Senators of the College of Justice.
ROBERT FLEMING, 8 Crosby Square, London, E. C.
The Hon. LORD JOHNSTON, one of the Senators of the College of Justice.
HUGH ANDREW ALLAN, Shipowner, Glasgow.
SIR WILLIAM BILSLAND, Baronet, LL.D., Glasgow.

PAID-UP CAPITAL	-	£2,000,000
REST AND UNDIVIDED PROFITS	-	£960,629

Head Office - - - ST. ANDREW SQUARE, EDINBURGH.

Cashier and General Manager: ADAM TAIT.
Secretary: A. K. WRIGHT.

London Office - - - 3, BISHOPSGATE, E. C.

WM. WALLACE, Manager.
ALEX. DICK, Deputy-Manager.

Glasgow Office - - - EXCHANGE SQUARE.

A. DENNISTOUN, Agent.
THOMAS LILLIE, Sub-Agent.

164 BRANCHES THROUGHOUT SCOTLAND.

Banking business of every description transacted. Accounts opened for Foreign and Colonial Correspondents. Bills, Cheques and other documents collected. Deposits received at interest repayable at call or at notice.

DEUTSCHE BANK

BERLIN, W.

Behrenstrasse, 9 to 13

CAPITAL and RESERVE, \$100,000,000

(M. 420,000,000)

Dividends paid during last ten years: 12, 12, 12, 12, 12, 12½, 12½, 12½, 12½ per cent

BRANCHES

AIX LA CHAPELLE, AUGSBURG, BARMEN, BERNCASEL-CUES, BIELEFELD, BOCHOLT, BONN, BREMEN, BRUSSELS, CHEMNITZ, COBLENZ, COLOGNE, COLOGNE-MÜLHEIM, CONSTANTINOPLE, CREFELD, CRONENBERG, DARMSTADT, DRESDEN, DÜSSELDORF, ELBERFELD, FRANKFORT-ON-M., M.-GLADBACH, HAGEN, HAMBURG, HAMM., HANAU, LEIPSIK, MEISSEN, MUNICH, NEHEIM, NEUSS, NUREMBERG, OFFENBACH, PADERBORN, REMSCHEID, RHEYDT, SAARBRÜCKEN, SOLINGEN, TREVES, WIESBADEN,

and the

DEUTSCHE BANK (BERLIN) LONDON AGENCY, 4 George Yard, Lombard St., LONDON, E. C.

Banco Aleman Transatlántico

(Deutsche Ueberseelsche Bank)

Capital, \$7,143,000

(M. 30,000,000)

Reserve, \$2,272,800

(M. 9,546,000)

Head Office: BERLIN, Wilhelmstrasse 71.

BRANCHES

ARGENTINA: Bahia-Blanca, Buenos Aires, Córdoba, Mendoza, Rosario de Santa Fé, Tucuman.
BOLIVIA: La Paz, Oruro.
CHILI: Antofagasta, Arica, Concepcion, Iquique, Osorno,
Santiago, Temuco, Valdivia, Valparaiso.
PERU: Arequipa, Callao, Lima, Trujillo.
URUGUAY: Montevideo.
SPAIN: Barcelona, Madrid.

BANCO ALLEMÃO TRANSATLANTICO

BRAZIL: Petropolis, Rio de Janeiro, Santos, São Paulo.

Bills sent for collection, negotiated or advanced upon. Drafts, cable-transfers and letters of credit issued. Private Codes.

LONDON AGENTS:

DEUTSCHE BANK (BERLIN) LONDON AGENCY, 4 George Yard, Lombard St., London, E. C.

The Yokohama Specie Bank, Ltd.

Yokohama, Japan

Subscribed Capital, Yen 48,000,000

Capital Paid-up, Yen 30,000,000

Reserve Fund, Yen 19,250,000



BRANCHES AND AGENCIES:

Antung-Hsien	Lyons
Bombay	Nagasaki
Calcutta	Newchwang
Changchun	New York
Darien (Dalny)	Osaka
Fengtien(Mukden)	Peking
Hankow	Ryojun(PortArthur)
Harbin	San Francisco
Honolulu	Shanghai
Hong Kong	Tiehling
Kobe	Tientsin
Liaoyang	Tokyo
London	Tsingtau
Los Angeles	

HEAD OFFICE: YOKOHAMA

Standard Bank of South Africa, Ltd.

HEAD OFFICE

10 CLEMENTS LANE, LOMBARD STREET, LONDON, E. C.

Paid-up Capital.....	£1,548,525 or	\$7,536,153
Reserve Fund.....	£2,000,000 or	\$9,733,000
Reserve Liability of Shareholders.....	£4,645,575 or	\$22,608,468
Deposits.....	£20,900,000 or	\$101,709,800
Total Resources.....	£29,626,000 or	\$144,175,000



Bank Premises, Cape Town, South Africa

Bankers to the Government of the Cape of Good Hope and the British Government in the Cape Colony and Transvaal.

One Hundred and Eighty-three (183) Branches and 21 Agencies in Cape Colony, Natal, Transvaal, Orange River Colony, Basutoland, Rhodesia, British Central Africa and East Africa.

W. H. MACINTYRE
AGENT

55 WALL ST., NEW YORK

Also representing
The Bank of New South Wales
with three hundred and six (306)
Branches throughout Australasia,
Fiji, Papua (New Guinea).

THE London City and Midland Bank Limited

HEAD OFFICE: 5, THREADNEEDLE STREET, LONDON, E. C.

FOREIGN BRANCH OFFICE: FINCH LANE, LONDON, E. C.

TELEGRAPHIC ADDRESS: CINNAFOREX, LONDON

Subscribed Capital, \$114,739,020

Paid-up Capital, \$23,903,960

Reserve Fund, \$20,000,000

DEPOSIT and CURRENT ACCOUNTS	-	(27th Aug., 1914)	\$561,738,300
CASH in hand, at CALL, and at SHORT NOTICE	-	"	\$177,960,240
BILLS OF EXCHANGE	- - - -	"	\$56,078,175
INVESTMENTS	- - - -	"	\$53,258,415
ADVANCES, etc.	- - - -	"	\$305,025,815

OVER 1000 OFFICES IN ENGLAND AND WALES

SIR EDWARD H. HOLDEN, Bart., Chairman

ANGLO-SOUTH AMERICAN BANK, L^D LONDON



HEAD OFFICES, Old Broad Street, LONDON
Bills on Europe, South America,
Australasia, India and South Africa,
Purchased and Collected.

CAPITAL, (450,000 shares of £10 each)	£4,500,000 or \$22,500,000
PAID UP, - - - -	£2,250,000 or \$11,250,000
RESERVE FUND, - - -	£1,400,000 or \$ 7,000,000
RESERVE LIABILITY OF SHAREHOLDERS	£2,250,000 or \$11,250,000
TOTAL RESPONSIBILITY FOR CREDITORS	£5,900,000 or \$29,500,000

BANKERS:

Bank of England—Barclay & Co., Ltd.—Capital & Counties
Bank, Ltd.—London County and Westminster Bank, Ltd.

BRANCHES:

FRANCE: Paris. GERMANY: Hamburg. CHILI: Valparaiso, Santiago, Iquique, Antofagasta, Copiapó, Coquimbo, La Serena, Chillan, Concepcion, Punta Arenas, Talcahuano. ARGENTINA: Buenos Aires, Bahia Blanca, Mendoza, Rio Gallegos, Rosario de Santa Fé, San Rafael. URUGUAY: Monte Video.

NEW YORK AGENCY, 60 WALL STREET

Also Correspondents for:—

NATIONAL BANK OF AUSTRALASIA, LTD.
NATIONAL BANK OF INDIA, LTD.
NATIONAL BANK OF SOUTH AFRICA, LTD.

Chartered Bank of India, Australia and China

Incorporated by Royal Charter, 1853



CALCUTTA OFFICE

Capital (Gold)
\$6,000,000.00

Reserve Fund
\$9,000,000.00

Reserve Liability of
Shareholders
\$6,000,000.00

Undivided Profits
\$601,265.00

Total Assets
\$136,216,980.00

Branches in China, Japan, Philippine Islands, Java, Straits Settlements, India and Burmah, and Agencies in all the principal cities of Europe and Australia. Commercial and Travelers' Credits issued, available in all parts of the world. Foreign exchange bought and sold.

Head Office: 38 Bishopsgate, LONDON, ENGLAND

WILLIAM BAXTER, Agent, 88 Wall Street, NEW YORK

MAITLAND, COPPELL & Co.

52 William Street, New York

ORDERS EXECUTED FOR ALL INVESTMENT SECURITIES. ACT AS
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PAID UP CAPITAL.....	£3,554,785
RESERVE FUND.....	£1,150,000
DEPOSITS & CURRENT ACCOUNTS, 30 JUNE, 1914..	£40,571,658

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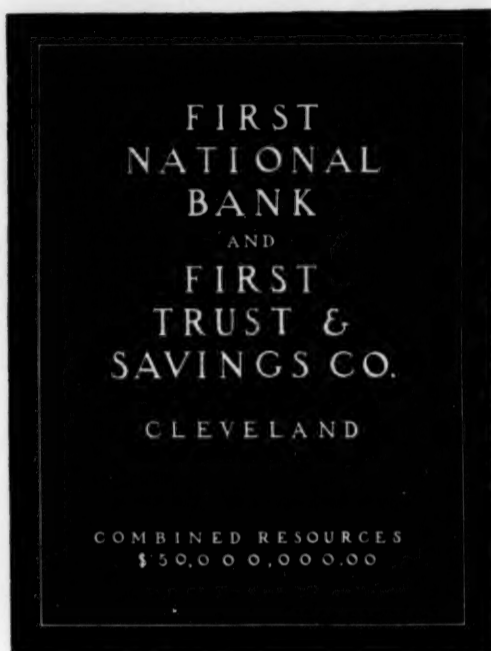
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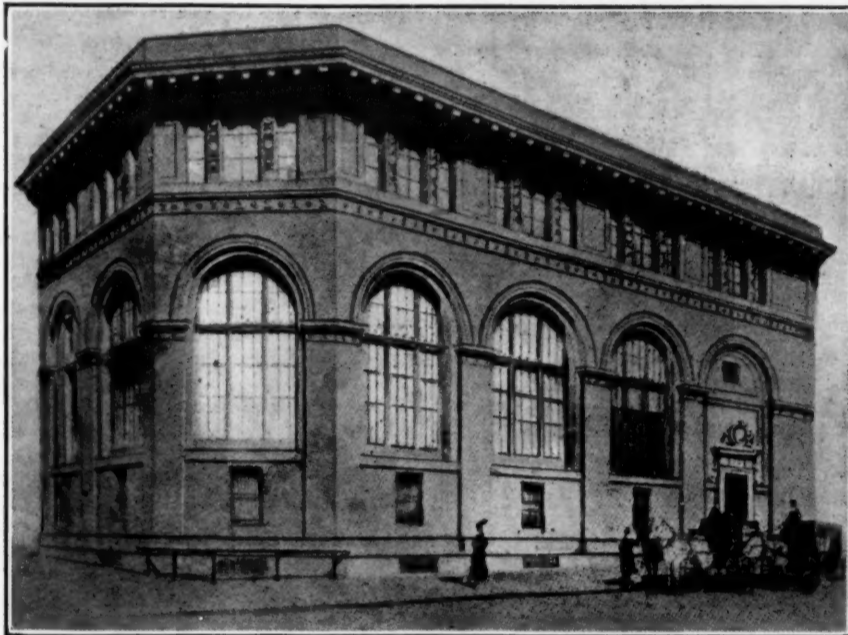
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STATEMENT OF SEPTEMBER 12th, 1914

RESOURCES

Bonds and Stocks, at market values	\$31,476,243.36
Real Estate.....	3,624,700.00
Bonds and Mortgages.....	4,676,579.98
Loans	42,735,185.67
Bills Purchased.....	19,053,540.13
Cash on hand and in Bank	25,891,711.88
Customers Liability under Commercial Letters of Credit	996,415.00
Accrued Interest	682,453.14
	<u>\$129,136,829.16</u>

LIABILITIES

Capital Stock.....	\$1,000,000.00
Surplus and Undivided Profits	6,001,733.45
Deposits	119,970,179.50
Commercial Letters of Credit issued to Customers.....	996,415.00
Accrued Interest and Taxes Reserved	1,168,501.21
	<u>\$129,136,829.16</u>

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BANKERS' CONVENTION SECTION

OF THE **COMMERCIAL & FINANCIAL CHRONICLE.**

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No. 2574

THE CHRONICLE.

THE COMMERCIAL AND FINANCIAL CHRONICLE is a weekly newspaper of 80 to 96 pages, published in time for the earliest mail every Saturday morning, with the latest news by telegraph and cable from its own correspondents relating to the various matters within its scope.

THE CHRONICLE comprises a number of added Sections or Supplements, issued periodically, and which form exceedingly valuable adjuncts of the weekly issues.

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Besides these Supplements, others are published from time to time, like the present BANKERS' CONVENTION SECTION.

Terms for the CHRONICLE, including *all* the Supplements, are Ten Dollars within the United States, Thirteen Dollars (which includes postage) in Europe, and Eleven and a Half Dollars in Canada.

WILLIAM B. DANA COMPANY, Publishers
Front, Pine and Depeyster Streets, New York

INDEX TO ADVERTISEMENTS

A complete index to the advertisements appearing in the present issue of the Bankers' Convention Section will be found on pages 79 and 80.

THE CONVENTION AND PROBLEMS OF THE DAY.

One might perhaps have imagined that the convention of bankers, at Richmond, would have devoted its public discussions primarily to consideration of those novel problems in finance and industry, which have been so suddenly thrust upon this country by the European war. It is, however, a striking proof of the magnitude, obscurity, and baffling scope of these new problems, and of the almost complete lack of precedent to guide us in solving them, that the formal speeches at the convention did not undertake to grapple with them. This seems to us to have been both wise and prudent; for in a very unusual degree our most experienced bankers and business men are moving slowly in these matters, are taking little for granted,

and are trying to make sure of the ground into which they are moving at one moment before they plan the next step.

One may be sure that, in the conversation of the Richmond delegates with one another, views were freely exchanged on all these topics, and that, through such private comparison of impressions from all parts of the country, the bankers came away with a clearer conception of the real situation and of the general policies which must be pursued. But that does not alter the fact that American bankers, like the American business men as a whole, are feeling their way in this extraordinary situation. Such problems as the meeting of our foreign indebtedness in the market for exchange, if our European creditors should choose on a larger scale than hitherto to exact payment for maturities and not to grant renewal; as the reopening of the stock exchanges while the attitude of European investors in our securities is still in question; as the financing of the cotton crop, of which so large a part may remain unsold this season, and as the promoting of our export trade, so that American industry may gain in shipments, to new directions in the outside world, what it has lost by war embargo on its usual outside markets—these are questions which must be slowly, patiently and prudently solved. The most important forward step thus far taken in restoring financial stability is unquestionably the co-operative action of the banks of the United States to meet immediate and present problems, like the saving of New York City's foreign credit and the insuring of payment on exchange for our immediate accruing foreign indebtedness. Our banks have already done, through this concerted and patriotic action—for concerted action of this sort did involve to many banks large sacrifices in their ordinary lines of activity—all that the European nations have done through the direct intervention of government, and in many cases more. That this was accomplished here without the aid of government should distinctly enhance the subsequent prestige of American finance.

Naturally, this aspect of the matter directed the open discussion of the Richmond convention to the impending problem of the introduction of the Regional banks under the new Federal Reserve law.

There can be little question that, had these Regional banks been in active existence when the war broke out, they would have helped very largely toward simplifying the relief expedients; first, because of the natural leadership of their officers and directors; second, because of their direct power in the way of protecting and concentrating credit. The banks have thus far acted individually or collectively. Now, however, it seems to be an early probability that the formal and regulated concentration of their resources is impending, with such careful safeguards as must necessarily be placed around the process of subscription to the new Regional banks' reserves and to the opening of their business.

Mr. Reynolds, President of the association, touched pointedly on this impending change in the banking system in his opening address. That address has been described in some despatches as an attack on the Federal Reserve Act. The description is scarcely fair. Mr. Reynolds frankly criticized certain features of the law which were the focus of legitimate dispute during the process of enactment. Every one knows that the measure is not perfect, and that certain defects may hereafter have to be either modified or removed. But Mr. Reynolds with equal frankness stated that "the benefits of the operations of the new system will become apparent with the lapse of time." That it "was not enacted to meet impending emergency," and that, therefore, "too much must not immediately be expected," since "the change will be gradual and should be regarded as an evolution in the banking business"—these are wise words of warning to those who expect an instant and total change in the situation as the result of the new system's introduction. Mr. Reynolds also pointed out, what is a matter of much importance in our present difficulties, that a great deficiency in our existing banking system has been its "inability to establish or maintain a foreign exchange market." The new system, he believes, "opens the way to supply this long-felt want;" adding that, "while a single central institution could more easily control the exportation of gold by the operation of such a market, yet by proper action the Federal Reserve Board may so co-ordinate the business of the twelve Reserve banks as to produce the desired result."

All this is fair, frank, and wise. Mr. Reynolds called attention, however, to one gravely serious defect in the law which may call for immediate consideration. He thus described it:

"It has been popularly supposed that with the opening of the Federal Reserve Banks, Government funds would be deposited in those banks, and the independent treasury system and its consequent expense, both to the Government and the business of the country, would be a thing of the past.

"A careful reading of the law, however, discloses the fact that its authors had no such intention, and that if Government funds are deposited in these banks, or if they are appointed fiscal agents for the Government, it will be at the discretion of the Secretary of the Treasury alone, and that the

bill does not provide for the abolition of the present system.

"It is a just criticism of the measure to say that it does not take the Government out of the banking business, and that it confers upon one of our government officials an extraordinary power and discretion, unwarranted by the spirit of our institutions and repugnant to republican principles.

"There is no reason why the funds of the Government, taken from the people by taxation, should be handled in other than a business method."

Mr. Carter Glass, perhaps the most active among the legislative authors of the bill, speaking to the convention, frankly admitted the force of Mr. Reynolds' argument. He agreed "that some secretary might do wrong," and he "believed the reserve law should have provided that the Regional banks carry the deposits and act as fiscal agents of the Government." Mr. Hamlin, governor of the Federal Reserve Board, confined his comments on that matter to saying that the lending power of Regional banks "may be greatly increased by the deposit of public moneys which the Secretary of the Treasury is authorized to place with the Reserve banks." But this statement merely emphasizes what is perhaps the greatest weakness of the existing provision. He is authorized, but not required; in other words, he still retains the long-continued discretion as to placing public deposits where he will with individual banks. What the effect of this dispensing power of the Secretary of the Treasury has been in recent years is known to every one. It has served at times a useful purpose—which, however, can hereafter quite as well be served through the holding of these funds by the Regional banks. On the other hand, we have not at times been spared such assertion of autocratic dispensing power on the Treasury's part as was certainly calculated to instill in many thoughtful minds uneasiness as to the lodging of such authority in the hands of any individual. We hardly need to particularize, but the inference is clear that this power was dangerous, even before the strong grounds for making deposit of such funds with the Regional banks entirely mandatory had superseded other considerations.

Mr. Hamlin's conclusion regarding the present general situation deserves notice. That "our present difficulties do not appear to arise from scarcity of actual money;" that "the real difficulty would seem to be one of credit," in which "mutual trust and confidence have been disturbed," is a fair diagnosis of the situation. Adding that "ordinarily such a situation would quickly adjust itself," the Governor of the Federal Reserve Board supplements that statement with the warning that "we should see to it that the remedies proposed are not worse than the disease itself." To avert such a result as that (of which there has in the last two months been far more danger than most people imagine) will largely be the duty of a properly administered system of Regional banks under the supervision of the Central board.

BANKING AND THE LARGER CITIZENSHIP.

An address under the caption of this title was read before this year's Bankers Convention. It was written by President E. K. Graham, of the University of North Carolina. It is well worth a careful reading for its suggestiveness and wholesome inspiration. It applies, in fact, to a much larger field than its title indicates. It really concerns "Business" rather than "Banking," "and the Larger Citizenship." This does not diminish its value, but it gives occasion to apply its theme a little more particularly, and to point out some of the more definite and immediate relations in which banks and bankers stand to the community.

These need not be novel or unusual to be worthy of note. On the contrary, the fact that they are in large degree universal and involved in the very nature of public banking only makes their enumeration more important.

Civil society is everywhere facing new conditions; not merely those created by the war, but those arising in the world of to-day, the world of thought as well as the world of economics and of government. Banks are in a position of special responsibility in view of these changes; not that the main functions of the banks are to change, though important modifications and developments are in progress; but because bankers are looked up to as leaders in the business world. As a class, they are worthy of the confidence placed in them. Individual dishonesty or malfeasance has not sufficed to disturb this confidence. Their position is well established. The way is open for them to exercise most efficient leaderships to-day. It cannot fail, therefore, to be worth while to call attention to the path that lies open to them because of the nature of their business and the functions which are specifically theirs.

To understand these functions as they pertain to the life of the people, we must look away from the great metropolitan banks. They are the ones upon which attention centers ordinarily when banks and banking are discussed; it is the bank in the smaller town, the country bank, that must be looked at when we would understand the real situation, and apprehend the functions of the bank and the position of the banker in the community.

One has only to take his stand at the counter of the country bank and observe the business of the day to discover these. Here is a merchant who wants a note discounted; here a new business man who would open an account; here a farmer who has awakened to the need of some modern machine or improved stock; here a bright young man, perhaps fresh from one of our many agricultural colleges, who wants to buy some land; here a citizen who would build a new house, or another to inquire about securities; here a teacher who wishes to invest her savings; and so on in endless variety.

At once it appears that the bank is there to give a sense of stability to the community. It is a kind

of providence, to meet immediate need for money, but also to counsel, to instruct, to understand, to co-operate in all helpful ways with all comers. As so received and dealt with, they go away with a new confidence and a new sense that, in a measure, the community is backing them up.

Here is not only help for the individual as a member of the community, but also there is the beginning of a community interest, the preparation for a community self-consciousness that prepares the way for that community action of which President Graham makes so much in his paper. The banker who may think that he has neither the knowledge nor the time to take leadership in that larger movement, finds that here, in the conduct of his business, he is making valuable contribution to it.

That he is a chief agent in promoting thrift is obvious. All who do business with the bank know that its officers watch carefully the individual life of their customers. They are in constant conference about them with their neighbors, and that not at all for gossip, but to be able to determine a basis for credit, and with the mutual interest of promoting their prosperity.

It is not so obvious, but in this the bank is strengthening the character of the individual citizen. It is not only holding the individual to a sense of his personal responsibility for his public conduct and his business methods, but also for his private habits; and, indeed, his inmost character, for all this goes to make up his standing, not only with the bank, but also in the community. Few people associate the bank with the church, except that the banker is expected to make generous contributions for its support; but here is a direction in which the support of the bank, though little recognized, is constant and most effective, in that for which the church stands.

Equally true is it that the bank in the exercise of its functions is developing the sense of property in its obligations to society. The banker is guided in the loans he makes, not only as the late Mr. J. P. Morgan said, by the character of the borrower, but perhaps even more by the use for which he wants the money. If it is for investment or expenditure, which will be obviously of benefit to the community, or if the borrower is known as a large-minded, public-spirited citizen having the respect of all, that may be the determining fact. At once the bank becomes known as promoting the investment, or appreciating, and therefore as to a certain extent, partaking of the character of the customer in the one case, and in the other promoting the best interest of the community. In doing this by the use of accumulated money, it is a perpetual vindication of capital and an illustration of its constant service.

In the same direction it is always possible for the bank to open for the community ways to larger and broader interests. The banker is more closely in touch with the outside world than most of his

fellow business men. He is compelled to be largely informed, and ought to be especially intelligent. Because of his position, also, he is apt to be the first one approached by those who have plans of introducing new forms of business, or new industries, or of improvement of any existing conditions. Upon him more than upon any other citizen it depends whether or not the community is to gain new enterprises, or to secure better conditions. Should he be small-minded, self-centered, even in his bank, or unintelligent, he may be, as unfortunately some rich men are, a serious hindrance to the best interests of the community, so that his funeral, when it comes, is a widely felt relief, or, on the other hand, he may be the very best citizen. As such it is easy to see that his position is one that any large-minded man may well covet.

All this leads us to emphasize the fundamental fact, which unfortunately is sometimes denied, and often overlooked—namely, that the public banker is the administrator of a public trust. His charter, if it does not distinctly state this, always implies it, and the State, both by its legislation and its oversight, affirms it. The money brought to the bank by depositors is not placed there for the banker's private use, or for the shareholder's profit, though incidentally both, within certain legally prescribed limits, may occur. It is held primarily for use of the depositor so far as he may from time to time need it, and beyond that for loaning to other depositors having need for it. For this accommodation the borrower pays interest. That interest con-

stitutes the sum out of which the expenses of the bank are, in part, paid, from which a protective surplus is accumulated, and a certain amount is contributed, in addition to what the bank may earn by some other incidental forms of service, to the profits to be paid to the stockholders. The strict bank of deposit does not, as a rule, pay interest to depositors on open account. They find their compensation in the convenience and security of the account, and the basis of credit for such loans as they may need.

If this strictly fiduciary relation is recognized by the directors and officers of a bank, it will govern the relations of the public to the bank, and will secure for them a personal treatment which will keep the way open for constant and helpful service.

In its larger aspect the bank holds a peculiarly intimate position of trust, having in its care the money of the individuals who separately make up the public, and who having no organic financial relation with the public, are provided for in that relation by the State through the officers of the bank.

Bankers, of course, know this, but unfortunately the public, perhaps because of traditions coming from early days, or of unhappy individual experience, do not know it. It is unfortunate for all concerned where this ignorance exists. Happily the Bankers Convention in the breadth and intelligence of its discussions is doing much to remove it.

INDEX TO ADVERTISEMENTS

	PAGE.		PAGE.		PAGE.
Albany, N. Y.		Chicago, Ill.		Hartford, Conn.	
FIRST NATIONAL BANK.....	72	BANK OF MONTREAL.....	58	HARTFORD NATIONAL BANK.....	56
NEW YORK STATE NATIONAL BANK	57	BECKER (A. G.) & Co.....	54		
		BOND & GOODWIN.....	52	Havana, Cuba.	
Atlanta, Ga.		COMPTON (WM. R.) Co.....	34	ROYAL BANK OF CANADA.....	61
ATLANTA NATIONAL BANK.....	24	CONTINENTAL & COMMERCIAL			
FOURTH NATIONAL BANK.....	24	NATIONAL BANK.....	38	Hong Kong, China.	
		CONTINENTAL & COMMERCIAL		HONG KONG & SHANGHAI	
Atlantic City, N. J.		TRUST & SAVINGS BANK.....	38	BANKING CORPORATION.....	66
ATLANTIC SAFE DEPOSIT & TRUST		CORN EXCHANGE NATIONAL BANK			
COMPANY	49	Inside Back Cover.		Houston, Texas.	
		CUTTER, MAY & Co.....	29	FIRST NATIONAL BANK.....	26
Baltimore, Md.		FORT DEARBORN NATIONAL BANK..	39	LUMBERMAN'S NATIONAL BANK...	26
CONTINENTAL TRUST Co....	19	HATHAWAY, SMITH, FOLDS & Co..	11		
FIDELITY TRUST Co.....	20	HIBERNIAN BANKING ASSN.....	38	Jacksonville, Fla.	
FIRST NATIONAL BANK.....	21	IMBRIE (WM. MORRIS) & Co.....	6	HEARD NATIONAL BANK.....	25
GARRETT (ROBERT) & SONS.....	22	LEACH (A. B.) & Co.....	8		
LEACH (A. B.) & Co.....	8	LY BRAND, ROSS BROS. &		Jersey City, N. J.	
MIDDENDORF, WILLIAMS & Co., INC.	21	MONTGOMERY	45	FIRST NATIONAL BANK.....	10
NATIONAL UNION BANK OF MD....	3	READ (WM. A.) & Co.....	1		
SAFE DEPOSIT & TRUST Co.....	21	RUSSELL, BREWSTER & Co.....	35	Kansas City, Mo.	
		STAATS (WM. R.) Co.....	29	COMMERCE TRUST Co.....	34
		STATE BANK OF CHICAGO.....	39		
Bayonne, N. J.		STONE & WEBSTER.....	71	London, England.	
MECHANICS TRUST Co.....	47			ANGLO-SOUTH AMERICAN BANK...	69
		Cleveland, Ohio.		BANCO ALEMAN TRANSATLANTICO..	67
Berlin, Germany.		FIRST NATIONAL BANK.....	72	BANK OF BRITISH NORTH AMERICA.	60
BANCO ALEMAN TRANSATLANTICO..	67	FIRST TRUST & SAVINGS Co.....	72	BANK OF MONTREAL.....	58
DEUTSCHE BANK.....	67			BANK OF NEW SOUTH WALES....	65
FARMERS' LOAN & TRUST Co.....	74	Columbia, S. C.		CANADIAN BANK OF COMMERCE...	59
		PALMETTO NATIONAL BANK.....	25	CAPITAL & COUNTIES BANK, LTD..	65
Birmingham, Ala.				CHARTERED BANK OF INDIA,	
BIRMINGHAM TRUST & SAVINGS Co.	24	Dallas, Texas.		AUSTRALIA & CHINA.....	69
FIRST NATIONAL BANK.....	24	CITY NATIONAL BANK.....	26	DEUTSCHE BANK.....	67
				DOMINION BANK.....	62
Boston, Mass.		Denver, Col.		FARMERS' LOAN & TRUST Co.....	74
BOND & GOODWIN.....	52	BOETTCHER, PORTER & Co.....	31	LEACH (A. B.) & Co.....	8
BOSTON SAFE DEPOSIT & TRUST Co.	53	FIRST NATIONAL BANK.....	30	LONDON CITY & MIDLAND BANK,	
FEDERAL TRUST Co.....	52	INTERNATIONAL TRUST Co.....	31	LIMITED	68
HATHAWAY, SMITH, FOLDS & Co..	11			LY BRAND, ROSS BROS. &	
HAYDEN, STONE & Co.....	51	Des Moines, Ia.		MONTGOMERY	45
INTERNATIONAL TRUST Co.....	54	DES MOINES NATIONAL BANK.....	37	MORGAN, GRENFELL & Co.	
LEACH (A. B.) & Co.....	8			Outside Back Cover.	
MERRILL, OLDHAM & Co.....	54	Detroit, Mich.		READ (WM. A.) & Co.....	1
NATIONAL SHAWMUT BANK.....	50	DIME SAVINGS BANK.....	37	ROYAL BANK OF CANADA.....	61
NATIONAL UNION BANK.....	52	PEOPLE'S STATE BANK.....	37	ROYAL BANK OF SCOTLAND.....	66
NEW ENGLAND TRUST Co.....	73	UNION TRUST Co.....	35	SPEYER BROTHERS.....	180
READ (WM. A.) & Co.....	1			STANDARD BANK OF S. AFRICA, LTD.	68
STONE & WEBSTER.....	71	Edinburgh, Scotland.		UNION OF LONDON & SMITH'S	
		ROYAL BANK OF SCOTLAND.....	66	BANK, LTD.....	70
Brooklyn, N. Y.				UNION BANK OF CANADA.....	63
BROOKLYN TRUST Co.....	17	Elizabeth, N. J.		YOKOHAMA SPECIE BANK, LTD....	67
FRANKLIN TRUST Co.....	13	NATIONAL STATE BANK.....	48		
NASSAU NATIONAL BANK.....	17	UNION COUNTY TRUST Co.....	48	Los Angeles, Cal.	
PEOPLES TRUST Co.....	17			CITIZENS' NATIONAL BANK.....	29
		Fort Worth, Texas.		FIRST NATIONAL BANK.....	28
Buffalo, N. Y.		FORT WORTH NATIONAL BANK....	26	STAATS (WM. R.) Co.....	29
LEACH (A. B.) & Co.....	8				
THIRD NATIONAL BANK.....	57	Glasgow, Scotland.		Louisville, Ky.	
		ROYAL BANK OF SCOTLAND.....	66	FIDELITY & COLUMBIA TRUST Co..	22
Camden, N. J.					
CAMDEN SAFE DEPOSIT & TRUST..	47	Grand Rapids, Mich.		Lynn, Mass.	
		HOWE, SNOW, CORRIGAN & BERTLES	36	SECURITY TRUST COMPANY.....	56
Chattanooga, Tenn.		KELSEY, BREWER & Co.....	36		
HAMILTON NATIONAL BANK.....	25	MICHIGAN TRUST Co.....	36	Mexico City, Mexico.	
		OLD NATIONAL BANK.....	36	BANK OF MONTREAL.....	58
				CANADIAN BANK OF COMMERCE....	59
				Milwaukee, Wis.	
				FIRST NATIONAL BANK.....	34

	PAGE.		PAGE.		PAGE.
Minneapolis, Minn.		MUTUAL ALLIANCE TRUST Co.....	12	PEOPLE'S NATIONAL BANK.....	22
BOND & GOODWIN.....	52	MUTUAL BANK.....	15	UNION TRUST Co.....	4
FIRST NATIONAL BANK.....	31	MULLER, SCHALL & Co.....	12		
MINNEAPOLIS TRUST Co.....	31	NEW NETHERLAND BANK.....	16	Plainfield, N. J.	
		NEW YORK COUNTY NAT. BANK... 14		PLAINFIELD TRUST Co.....	47
Mobile, Ala.		NEW YORK LIFE INS. & TRUST Co. 2			
PEOPLE'S BANK.....	23	NEW YORK TRUST Co.....	9	Providence, R. I.	
		READ (WM. A.) & Co.....	1	INDUSTRIAL TRUST Co.....	55
Montreal, Canada.		ROYAL BANK OF CANADA.....	61	MERCHANTS' NATIONAL BANK....	55
BANK OF BRITISH NORTH AMERICA. 60		RUSSELL, BREWSTER & Co.....	35	MILLER (ALBERT P., JR.).....	55
BANK OF MONTREAL.....	58	SEABOARD NATIONAL BANK.....	10	RHODE ISLAND HOSPITAL TR. Co..	55
BROWNE (W. GRAHAM) & Co.....	63	SMITH (EDWARD B.) & Co.....	46		
MERCHANTS BANK OF CANADA....	62	SPEYER & Co.....	180	Richmond, Va.	
MOLSONS BANK (THE).....	64	STANDARD BANK S. AFRICA, LTD..	68	WILLIAMS (JOHN L.) & SONS....	18
ROYAL BANK OF CANADA.....	61	STONE & WEBSTER.....	71		
		UNION EXCHANGE NATIONAL BANK	64	St. Louis, Mo.	
Morristown, N. J.		UNITED STATES MTGE. & TRUST Co. 18		COMPTON (WILLIAM R.) Co.....	34
MORRISTOWN TRUST Co.....	47	UNITED STATES TRUST Co.....	12	HATHAWAY, SMITH, FOLDS & Co..	11
		YOKOHAMA SPECIE BANK, LTD....	67	MECHANICS-AMERICAN NAT. BANK	33
Nashville, Tenn.				MISSISSIPPI VALLEY TRUST Co....	
FOURTH & FIRST NATIONAL BANK. 25		Norfolk, Va.		Inside Front Cover.	
		THE CITIZEN'S BANK.....	23	NATIONAL BANK OF COMMERCE....	32
Newark, N. J.		NATIONAL BANK OF COMMERCE....	23		
ESSEX CO. NATIONAL BANK.....	48	NORFOLK NATIONAL BANK.....	23	San Francisco, Cal.	
FIDELITY TRUST Co.....	178			BANK OF BRITISH NORTH AMERICA	60
UNION NATIONAL BANK.....	48	Omaha, Neb.		BOND & GOODWIN.....	52
		OMAHA NATIONAL BANK.....	35	CANADIAN BANK OF COMMERCE... 59	
New Orleans, La.				LY BRAND, ROSS BROS. &	
WHITNEY-CENTRAL NAT. BANK... 27		Ottawa, Ont.		MONTGOMERY	45
WHITNEY-CENTRAL TRUST &		BANK OF OTTAWA.....	63	STAATS (WM. R.) Co.....	29
SAVINGS BANK.....	27				
New York City.		Paris, France.		Seattle, Wash.	
ANGLO-SOUTH AMERICAN BANK... 69		FARMERS' LOAN & TRUST Co.....	74	CANADIAN BANK OF COMMERCE... 59	
BANK OF BRITISH NORTH AMERICA	60	MORGAN, HAEJES & Co.		LY BRAND, ROSS BROS. &	
BANK OF MANHATTAN Co.....	13	Outside Back Cover.		MONTGOMERY	45
BANK OF MONTREAL.....	58	Pasadena, Cal.		Spokane, Wash.	
BANKERS TRUST Co.....	5	STAATS, (WM. R.) Co.....	29	BANK OF MONTREAL.....	58
BOND & GOODWIN.....	52				
BROOKLYN TRUST Co.....	17	Paterson, N. J.		Springfield, Mass.	
CANADIAN BANK OF COMMERCE... 59		FIRST NATIONAL BANK.....	49	SPRINGFIELD NATIONAL BANK....	56
CHARTERED BANK OF INDIA,		PATERSON NATIONAL BANK.....	49		
AUSTRALIA & CHINA.....	69	SECOND NATIONAL BANK.....	49	Sydney, N. S. W.	
CHASE NATIONAL BANK.....	1	Philadelphia, Pa.		BANK OF NEW SOUTH WALES....	65
CHATHAM-PHENIX NATL. BANK... 15		BODINE, SONS & Co.....	46		
CHELSEA EXCHANGE BANK.....	17	CORN EXCHANGE NATIONAL BANK	45	Toronto, Canada.	
CHEMICAL NATIONAL BANK.....	7	DREXEL & Co. Outside Back Cover.		BANK OF TORONTO.....	64
COAL & IRON NATIONAL BANK... 16		FIRST NATIONAL BANK.....	44	CANADIAN BANK OF COMMERCE... 59	
COLUMBIA TRUST Co.....	11	FOURTH STREET NATIONAL BANK. 41		DOMINION BANK.....	62
COMPTON (WM. R.) Co.....	34	FRANKLIN NATIONAL BANK.....	179		
CORN EXCHANGE BANK.....	179	GIBARD NATIONAL BANK.....	179	Trenton, N. J.	
FARMERS' LOAN & TRUST Co.....	74	GIBARD TRUST Co. Inside Front Cover.		TRENTON BANKING Co.....	46
FIDELITY TRUST Co.....	13	HATHAWAY, SMITH, FOLDS & Co.. 11			
FRANKLIN TRUST Co.....	13	LEACH (A. B.) & Co.....	8	Utica, N. Y.	
HATHAWAY, SMITH, FOLDS & Co.. 11		LY BRAND, ROSS BROS. &		CITIZENS TRUST COMPANY.....	57
HAYDEN, STONE & Co.....	51	MONTGOMERY	45		
HONG KONG & SHANGHAI BANK-		MARKET STREET NATIONAL BANK.. 44		Washington, D. C.	
ING CORPORATION.....	66	PENNSYLVANIA Co. FOR		COMMERCIAL NATIONAL BANK....	19
HUDSON TRUST Co.....	15	INSURANCES ON LIVES.....	42	PLANT (A. G.) & Co.....	18
IMBRIE (WM. MORRIS) & Co.....	6	PHILADELPHIA NATIONAL BANK.. 43		RIGGS NATIONAL BANK.....	19
LEACH (A. B.) & Co.....	8	PHILADELPHIA TRUST, SAFE			
LINCOLN NATIONAL BANK.....	15	DEPOSIT & INSURANCE Co.....	42	Winnipeg, Canada.	
LINCOLN TRUST Co.....	14	READ (WM. A.) & Co.....	1	UNION BANK OF CANADA.....	63
LY BRAND, ROSS BROS. &		REAL ESTATE TRUST Co.....	40		
MONTGOMERY	45	SMITH (EDWARD B.) & Co.....	46	Worcester, Mass.	
MAITLAND, COPPELL & Co.....	70	THIRD NATIONAL BANK.....	44	MERCHANTS' NATIONAL BANK....	56
MARKET & FULTON NAT. BANK... 16		UNION NATIONAL BANK.....	45		
MERCHANTS' BANK OF CANADA... 62		Pittsburgh, Pa.		Yokohama, Japan.	
MIDDENDORF, WILLIAMS & Co., INC.. 21		HATHAWAY, SMITH, FOLDS & Co.. 11		YOKOHAMA SPECIE BANK, LTD....	67
MORGAN (J. P.) & Co.....		LY BRAND, ROSS BROS. &			
Outside Back Cover		MONTGOMERY	45		

BANKING SECTION

AMERICAN BANKERS' ASSOCIATION

40th Annual Convention, Held at Richmond, Va., Oct. 14 and 15 1914

INDEX TO CONVENTION PROCEEDINGS

The Genesis of the Federal Reserve Law, Carter Glass	Page 81	Report of Committee on Federal Legislation	- - Page 125
Preparing Federal Reserve Banks, C. S. Hamlin	- Page 87	Report of Law Committee	- - - Page 126
The Will of the People, Martin W. Littleton	- - Page 88	Report of Protective Committee	- - - Page 123
The Case of the Lost Million, James M. Beck	- - Page 95	Report of Committee on Constitution	- - - Page 134
Banking and Larger Citizenship, Edward K. Graham	Page 103	Committee on Fidelity Bonds and Insurance	- - Page 127
Problems in Road Improvement, Logan Waller Page	Page 105	Report of Library and Reference Department	- - Page 122
Soil Fertility—Greatest Necessity, C. G. Hopkins	- Page 107	Detailed Report of Proceedings	- - - Page 130
Educating the Producer, J. D. Eggleston	- - Page 111	Address of Welcome	- - - Page 130
Annual Report of Secretary	- - - Page 117	President Reynold's Address	- - - Page 131
Report of Treasurer	- - - Page 120	Report of Agricultural Commission	- - - Page 124
Report of General Counsel	- - - Page 120	Status of Automobile Industry	- - - Page 138

The Genesis of the Federal Reserve Law.

By CONGRESSMAN CARTER GLASS, Chairman of the Banking and Currency Committee of the House of Representatives.

I am not quite sure that I would not have paid the American Bankers Association a greater compliment, or if I would not have rendered them a greater service, by declining rather than by accepting the invitation to appear here this afternoon to address you upon the subject of the Federal Reserve Act. It is no credit to a public speaker, and less of a compliment to his audience, for him to come upon a serious and important occasion without due and careful preparation. But, gentlemen, the fact is that for the past ten months I have been exercising my wits in the direction of keeping things done to such an extent, keeping things from being done, that I am rather rusty and confused as to what already has been accomplished. And it is scarcely necessary that I should say to you, who are familiar with legislative processes, that at times it is of vastly more importance to keep things from being done than it is to do things.

Then, again, I am somewhat embarrassed at the idea of coming as a layman in the presence of experts to expound to the banking fraternity the various provisions of an act that relates almost exclusively to their line of business. And I scarcely think I shall venture in any great detail upon that task this afternoon.

It has occurred to me that I might occupy the time assigned to me with a more or less interesting discussion of the side lights upon the Federal Reserve Act, in a narrative way; and what I shall say will be more or less a repetition of what I have already pretty generally said throughout the country, and I am afraid will not be very enlightening to a large part of this audience.

You will very readily understand that, for the last fifty years, since the enactment of the National Bank Act, you have been compelled to conduct the banking business of this country in a straitjacket. There has been no elasticity, there has been little scope for initia-

tive; in short, we have had in this country a banking system that by the best bankers has been pronounced barbarous in its operation. It has made us for years the scoff of European critics, both the practical banker and the text-book writer, because of its inefficiency; and I have so frequently said, and here I repeat this afternoon, that the progress and prosperity of the American people, and the achievements of the American banker, have been made in spite of our banking system rather than because of it.

There have been many efforts at modification, and amendments and reformation, all of which until recently have failed. As pointed out by Governor Hamlin, we had the effort made at Indianapolis eighteen years ago by the Indianapolis Monetary Commission, which drafted a bill which was introduced in the House of Representatives, and found its inevitable place in the archives of the Banking and Currency Committee room. Then we had the Walker bill, introduced by a distinguished chairman of the Banking and Currency Committee from Massachusetts; then we had the Fowler bill for asset currency, and upon that some degree of progress; but the action of Congress was interrupted by the introduction of what is known as the Vreeland and Aldrich bill, or rather the introduction of the Vreeland bill and the Aldrich bill; the one denounced by Senator Aldrich as utterly useless and the other denounced by Congressman Vreeland as altogether vicious, were united into the Vreeland-Aldrich bill, which was pronounced by observant members of Congress, who claimed to have some knowledge of the subject, as totally inefficient as it was in its original form. It was foreseen that with its tax of 10 per cent. upon the issues under it no bank on earth, that was not already prepared to fly the signal of distress at the masthead, could ever avail of its provisions. But

when the Vreeland-Aldrich bill was passed one good thing was done in connection with that legislation: the Congress appointed a Monetary Commission of distinguished gentlemen, and this Commission went abroad, and went throughout this country, taking testimony, and at a cost of nearly two hundred thousand dollars—approximately, I think \$196,000—assembled one of the greatest libraries upon finance that was ever assembled on the face of the earth. And I don't know who else had access to it in the preparation of the Federal Reserve Act; I simply know that I did not.

Then came a more vehement agitation for currency legislation, and to some of us the idea occurred that if the great Clearing House organizations of the large money centers, and, indeed, of all communities of the country, managed to rescue the country from the throes of panic, why might not institutions of a kindred nature, given clearing functions, together with larger banking functions, prevent panics coming at all? And upon that idea the present Banking and Currency Committee of the House of Representatives set to work, and without going into great detail, the Federal Reserve Act now upon the statute books is the result of that effort. We found, upon investigation, that there were two fundamental defects in the existing banking and currency system. One was the inelasticity of the currency, with which all bankers are familiar, and that there was the vexatious nature of our National Reserve system; and we conceived the notion that if we could devise a system that would correct those two serious and fundamental errors of the old system that we would go a far way toward a solution of the problem, and this, we think and confidently hope, the new Federal Reserve Act will accomplish. Under the old system the currency was absolutely rigid and inelastic. We had gone for years on the presumption, the currency being based upon the Nation's indebtedness, that we never needed any more currency than could be measured by the national indebtedness, and, on the other hand, that we never needed any less; when, as a matter of fact, we frequently needed more, and perhaps just as often needed less. Yet it was rigid, practically measured by the aggregate of the 2 per cent. United States bonded indebtedness. In other words, I can best illustrate it by saying, take any given community—Richmond, Virginia, for example—and if the aggregate capital of the national banks of this community, under the old system, was thirty million dollars, that measured completely—completely indeed—the ability of the national banks of the city of Richmond to respond to the commercial and industrial needs of the community, albeit that might be twenty times thirty million dollars. That being true, whenever stress and urgent need came upon the country there could be no response to the commercial needs of any active business community. That being true, instead of pursuing business prosperity, times came when business prosperity actually caused wreck and ruin throughout the Republic. When the country banks, responsive to the local demands, would begin drawing out their reserve funds with the reserve and central city banks, and those banks, in turn to respond, compelled to call in their loans when rates of interest were mounted higher and higher and pretty soon we would find ourselves in a financial cataclysm, banks closed down, business and industry paralyzed and want and misery and deprivation spread broadcast throughout the land.

Then, again, and now we have undertaken, gentlemen, to correct that inelasticity, to give you a currency not based upon the nation's indebtedness, but a sane, sensible, scientific currency based upon the commercial and industrial requirements of the country, responsive automatically to those requirements, issuing forth when business is active and being withdrawn when business is slack. Based upon the short-time plighted faith and ability of American merchants and manufacturers and business men to respond to their individual and corporate

obligations. And there is nothing more secure on earth, not even your Government bond, than that sort of security.

Then you had a fictitious reserve system. I like to talk to people who do not understand these things, because then I will be telling them something they don't know. Presumptively, we had a reserve of 15 per cent. for the country banks and 25 per cent. for reserve in central reserve city banks, but in reality they did not have any such reserve, because the law permitted the country banker to deposit a greater part of his reserve with the reserve city bank, and in turn permitted the reserve city banker to pyramid the reserve further by deposit in the central reserve city bank. Nevertheless, that system resulted in withdrawing the reserve funds from all the country and centralizing them in the great money centers of the country; put there upon a nominal rate of interest to be used by the banks in a great money center, and those banks, in order to recompense themselves, used those reserves in the maelstrom of Wall Street speculation rather than to promote the general business interests and prosperity of the country. I am not saying this in a critical sense; I am stating it as a matter of fact. So that in the great banks of New York City alone last March there were deposited \$893,000,000 of the reserves of banks outside of that great money center, whereas New York was loaning the banks of the country only \$187,000,000 on that date. There is an impression abroad that the balance of the country is dependent upon New York, but the fact that I have cited shows that New York is dependent upon the balance of this country.

It was that system, the concentration of the reserves of the country almost at a single center, to be used in speculative enterprises in the slack season, and unresponsive to demand at an urgent time, that created almost every panic that we have ever had in this country, and which we sought to protect.

Well, we think we have devised a system in this Federal Reserve Act whereby over a period of years, without any shock to normal business or banking operations would draw in these reserve funds from the great money centers and gradually impound them in those sections of the country where they originated and where they belong, and where they may at all times respond to the business necessities and industrial requirements of the various sections of this country. I say we have spread the operation over a period of three years in order that there may be no disturbance to the normal business of the country.

Now, then, we have taken this through a system of regional reserve banks, twelve of which are in process of organization under the statute. The banks, as you know, are to be presided over by a Board of nine directors, three of them selected especially to represent the banking interests, three of them selected to represent the varied business interests of the community, and three appointed by the Federal Reserve Board at Washington to represent the people of the United States.

These banks are to be owned and operated by the member banks of the United States, the National Banks being required to subscribe a certain percentage of their capital and surplus to the capital stock of the regional reserve banks, and State Banks and Trust Companies becoming members are permitted to subscribe the same amount to the capital stock.

The capital stock of the Regional Reserve Bank is to bear 6 per cent., is to receive a 6 per cent. dividend from the earnings of the bank. All earnings in excess of that shall first be applied to afford a surplus fund in order to strengthen the regional reserve banks, and when these 6 per cent. cumulative dividends, free of all taxation—national, State or municipal—shall have been paid and the surplus fund accumulated, all earnings in excess shall go to the Government of the United States.

Then we provide a Federal Reserve Board to super-

vise the entire Federal Reserve system, composed of seven members, two of them, to wit, the Secretary of the Treasury and the Comptroller of the Currency, ex-officio members, and five to be appointed by the President of the United States for a term of ten years.

The Regional Reserve Bank, you will observe upon reading the law, has confided to it all of the strict banking functions. The Federal Reserve Board has confided to it complete power of examination and supervision, and only upon the rarest occasions, and that under severe restrictions, the single banking function. So that the Federal Reserve Board under this system does not interfere in the slightest degree with that spirit of independent banking which has grown up in this country. It does not interfere with the strict banking operation of the individual bank at all. It just has broad powers of examination and supervision; it is strictly an altruistic commission for the benefit of the banks and of all the people of this country.

As I have indicated, and as you know, State banks may become members and National banks must become members.

We have appointed a Federal Advisory Board, to be selected by the Regional Reserve Banks themselves, with authority to meet in Washington and to advise with the Federal Reserve Board upon all matters considered by that Board. We have invested these Federal Reserve Banks with an almost unlimited power of re-discount. The individual bank, after discounting its commercial paper, may, upon indorsing that paper, pass it up to the Regional Reserve Bank and get its paper re-discounted at the prevailing rate of rediscount initiated by the Regional Reserve Bank, subject to the approval of the Federal Reserve Board. You will note that the individual bank has an almost unrestricted opportunity, regardless of its capital, to obtain these rediscounts. In other words, a bank capitalized at \$100,000 may be accommodated to as great an extent as a bank capitalized at \$500,000, or \$1,000,000, if it has this short-time commercial paper at hand.

Then we give the Regional Reserve Bank a limited open market operation. That power was somewhat analogous to the operation of the Bank of England in being able to go out in the open market and loosen up money conditions in order to enforce its rate of discount.

The act permits the Secretary of the Treasury to make these Regional Reserve Banks the fiscal agents of the United States Government and to deposit with them all of the Government current revenues except the trust funds.

We then provide for the refunding, over a period of thirty years, of the Government two per cent. bonds into Government three per cent. bonds without the circulating privilege, and we provide for the issuance during that period of three per cent. Government gold notes. This is gradually to retire the bond secured currency and put us upon a commercial basis currency.

We think we have greatly improved the bank examination system of the country. We have a provision that gives National banks the right to loan a certain percentage of their funds, particularly their time deposits, upon real estate, something that the National banks, under the National Bank Act and the interpretations at Washington, had never been able to do.

Finally in order to promote our foreign trade and dissipate the disadvantages under which America, for years and years, has been operating, we have authorized banking institutions with as much as a million dollars capital to establish branches in foreign countries.

If I may notice for a little while some of the objections to this bill, and at the same time indicate how they were met, I think this audience will have a better understanding of the Federal Reserve Act. In the first place, it was objected by the banks that the regional reserve banks should be exclusively in control of the banking com-

munity. It was argued that all the directors of the regional reserve banks should be selected by the banks themselves without restriction, the statement being that the regional reserve banks were owned by the member stockholding banks and that therefore only the banks should select the directors and look to the operation of the regional reserve bank.

It was pointed out in response to that that this was a great national system proposed to be established, not alone for the advantage of the banks but equally for the advantage of business and for all the people of the United States. It was pointed out further that the United States would perhaps be the largest individual depositor in the regional reserve bank. Indeed, when this argument had to be met, the draft of the bill required that these banks be made the fiscal agents of the Government and required that the Government's current revenues should be deposited with those banks. Therefore, it was contended that the people of the United States, through their Government, being the largest depositors with the regional reserve bank, should be represented upon the Board of Directors by the appointment of three Class C directors, and it was so held by the Congress.

It was contended that the banks should select a certain proportion of the Federal Reserve Board, and by many it is so contended now. Gentlemen, that seemed a plausible and a fair proposition. The fact is that it fooled me good for a while. I did not hesitate; gentlemen, I did not hesitate from the beginning to the end of this chapter to stand for the banks when I thought the banks ought to be stood for, any more than I hesitated to stand for the American people when I thought they should be stood for.

I thought the banks should have minority representation of their own selection upon the Federal Reserve Board, and so contended, and when the President of the United States said to me that he did not approve the proposition I did not sleep one wink that night, and next morning, before leaving my room at the Raleigh Hotel, I sat down, undeterred by tidal consequences, and wrote a letter to the President saying to him that I thought his decision was fundamentally wrong and politically inexpedient. I hope he has torn the letter up. Next day there came to Washington a committee of great bankers—George M. Reynolds of Chicago, John Perrine of the Pacific Coast, my distinguished Hebrew friend Sol Wexler from Louisiana, Festus Wade of St. Louis, and others—to convince the President of the United States that he was wrong and that the bankers were right in their contention. I headed the procession up to the White House. Still undeterred by tidal consequences, rather proud of my men, the first time I ever felt wealthy in my life—I was with George Reynolds, who had boasted of being one of the twelve men who controlled the credits of this country—I led the procession to the White House.

The President gave us audience, cheerful and cordial. I presented these gentlemen. The President knew my views, so it was not necessary for me to state them, but they presented their views with all the persuasiveness of which they are capable—and you know what that means. Already convinced in my own judgment, I was delighted at the tactful and logical way in which they presented the argument; but presently the President of the United States turned and said, "Gentlemen, I challenge you to point to one government board, in this or any other civilized country, upon which private interests have representation." There was just such an intense silence in the President's room as there is in this hall right now.

Not one of those gentlemen answered, and I could not answer. I was converted. I am convinced that the President was right.

On the floor of Congress this same contention was made, and I responded that it should be written into the law as well that railroad presidents and general mana-

gers of railroads of this country should have representation upon the Interstate Commerce Commission, which is to regulate and manage them, as to say that the bankers as such should select representation upon a Government board which is to regulate and manage them. Ah, but the response was, "Do you contend that the Interstate Commerce Commission has the same power over the railroads that the Federal Reserve Board has over the banks?" "Yes, infinitely more power over the railroads than the Federal Reserve Board has over the banks. They make a rate upon petition; aye, they can initiate rates for the railroads that bind them, however much they may object."

"Ah, but," said one of the critics, "can they take the property of one railroad and use it for another?" Yes, and they do it every day of the week. They take the rolling stock that one railroad has bought with the money of its stockholders and apply it to the use of some other railroad. They make a joint traffic rate that may not be compensatory to my railroad, but nevertheless I have to endure it. I took that Interstate Commerce Act and gave a recital of the powers of the Interstate Commerce Commission, at which Congress itself, although it enacted the law, was amazed. They were incomparably broader and more stringent over the railroads than the powers of the Federal Reserve Board over the banks.

What are some of these powers of the Federal Reserve Board? I say to you here—and I challenge you to interruption and contradiction—that there is scarcely one power given by law to the Federal Reserve Board that has not been exercised more or less by a single public official of this Government for thirty years. What are the powers of the board of specialists, say? One was the power of the Board to suspend all reserve requirements for a period of thirty days, and renew the suspension for a period of fifteen days. You bankers know that that is a power that has been possessed and exercised by the Comptroller of the Currency under the National Bank Act for fifty years. There is not a banker in this audience who may not permit his reserve to go down to-morrow—I do not know that there is one who has not done it—and the only power on earth that could make him restore his reserve to the legal requirements is the Comptroller of the Currency, and he can only do it upon thirty days' notice. So that there were objections to a power to be exercised by the Comptroller of the Currency with six associates that had been exercised for fifty years by the Comptroller of the Currency alone at his own sweet will.

Then there was vehement objection to that part of the Act which authorizes the Federal Reserve Board to permit or compel one of the regional reserve banks to rediscount the discounted paper of another regional reserve bank. They said that was confiscation. No, it was not confiscation. There was not an element of confiscation about it. The Board was not permitted to require one bank to take the property of another without compensation, not at all. It was authorized to compel one bank with surplus funds and redundancy of funds to come to the assistance of a bank without it, upon prime commercial security and at a rate of interest above the normal prevailing rate. That is not confiscation. But, gentlemen, it is analogous to a power that has been possessed and exercised by the Secretary of the Treasury for fifty years under the National Bank Act. The Secretary of the Treasury to-morrow can deplete every Government depository in New York and transfer the funds to New Orleans, or can take the Government funds out of the national banks of New Orleans and deposit them with the national banks of San Francisco or of Boston. It is a tremendous power, a power that your President here to-day said is repugnant to republican institutions.

I wonder that was not found out long ago.

It has been possessed and exercised by the Secretary of the Treasury alone for fifty years. Gentlemen, in 1907,

when the Secretary of the Treasury, at his own discretion, took \$43,000,000 that had been collected from the American people by taxation and deposited it at Washington, and he took \$43,000,000 of the people's money and deposited it with the banks of New York to save the situation there, you did not hear a chirp or a word about "power repugnant to republican institutions." The Secretary of the Treasury did right then. But I agree with the President of the American Bankers' Association that some time we may have a Secretary of the Treasury who would do wrong, and we ought to jealously guard the functions of that great position and the liberties of the American people. I wrote it into the bill, not that it might be optional with the Secretary of the Treasury to make these regional reserve banks, not that it might be upon his discretion that the public funds might be deposited with those banks, but that he should make them fiscal agents and that he should deposit the people's money with them. I believe now it ought to be the law.

Then some other objections were offered. There was objection to the note issue provided by this bill. One of the distinguished members of the American Bankers' Association, the greatest banker in the Western Hemisphere, said that it was fiat money, that this Federal Reserve note was fiat money. Gentlemen, there is not an element of fiatism in these notes, not a suggestion of it. What is fiat money? Fiat money is money that relies upon the government alone for its value. Is that a correct definition of a Federal Reserve note under this act? The gentleman who so characterized it cannot appeal to a lexicographer in the civilized world to justify his definition of these notes.

They have a gold reserve of 40 per cent. behind them to begin with. In addition to that, they have a secondary reserve of 100 per cent. short time commercial paper. In addition to that, they are made a first and paramount lien upon the assets of all the regional reserve banks, including the double liability of the member banks. In addition to that, they have the unqualified endorsement of a nation of ninety-five million free American people. Fiat? When that gentleman was denouncing these notes as fiat, the greatest international banker in America, who has since been made a member of the Federal Reserve Board, was in Washington protesting to me that they had too much security behind them. Mr. Warburg, then and since, has insisted that the secondary commercial reserve should be reduced to 66 2-3 per cent.

They said this system provided for amazing inflation. Indeed, one critic in Chicago was proclaiming that the Federal Reserve Act afforded a dangerous amount of inflation on the very same calendar day that another distinguished banker before the Senate Committee was proclaiming that it provided an amazing amount of commercial contraction. It could not provide both at the same time, gentlemen, and as a matter of fact it does not provide either at any time. It provides for a reasonable amount of expansion, and the law would not be worth the paper it was written upon if it did not provide that. That is what it was intended to provide, to be responsive to the business activities of the country, to the requirements of commerce and of industries, but no inflation.

But, if you gentlemen will pardon me for frankness, this criticism was leveled at the Federal Reserve Act, by the gentleman who swallowed down without a grimace the Aldrich bill, that provided for six billions of dollars of expansion. This was demonstrated in a public address, and yet you gentlemen gulped it down. Before the Banking and Currency Committee it was put into the *Record* that when the American Bankers' Association unanimously endorsed the Aldrich bill, the paper upon which it was printed had so recently come from the press that it was not yet dry; and it was asserted that not 5 per cent. of the delegates present had read the bill when they endorsed it. And yet there was a bill that provided

that the notes of the Central banks should be used by the individual banks as reserve, and Mr. Hurlburt, of Chicago, demonstrated to a mathematical certainty that it involved an inflation of six billions of dollars; and yet gentlemen who were willing to endorse that sort of a measure criticise us in Congress for this bill. We have not undertaken in this law to do away with the sanctity of the individual banker. We have made every safeguard against inflation. A gold reserve of 40 per cent., a secondary reserve of 100 per cent., the serious and solemn obligation of the individual banker to his stockholders in discounting paper, the serious and solemn obligation of the directors and managers of the regional reserve bank in scrutinizing the discounted paper before it is rediscounted, and then in the last analysis the banking experience and observation and solemn duty of the Federal Reserve Board to pass upon it in the third degree, are the safeguards we have provided against inflation.

We have provided a 10 per cent. tax upon regional reserve banks that undertake to pay out the notes of any other regional reserve banks.

Every device suggested to us by banker or layman, that appealed to the judgment of Congress, is here embodied in this bill. The House was even criticised on the Senate side, it being said that the bill provided inflation. And pray, what did the Senate do to correct the inflation? They accentuated every possible danger. They provided that Federal Reserve notes should be used as reserve in the individual banks. It proposed a system of domestic acceptances which Sir Edmund Walker testified before our Committee would wreck any country on the civilized globe. It proposed that the denominations of the notes should be as low as ones and twos. That august, that grave and senior body, thus undertook to guard against inflation.

Then we put a provision in the bill to revolutionize the exchange and collection system of the country; and I want to tell you that I did it. I know it is not exactly popular among some bankers, but, gentlemen, I contended, and I still contend, that no banking institution has the right to erect toll gates upon the highway of commercial progress, charging constructive interest, charging in excess of actual cost for collection and making it a stated source of advantage and of revenue. Some banks are going to lose that, but they are going to gain infinitely more under the new system by the increased facility of dispatching business and by the increased confidence of the public, and it is going to save millions of dollars to the commerce and industries of this country. We had to fight for it—had to fight for it in committee, had to fight for it in caucus, had to fight for it on the floor of the House. When we passed it in the House, the Senate, yielding to the clamor, struck it out, but when it came to conference we put it back and there it is, and I am proud of it.

I could detain you, gentlemen, for hours with interesting things of that sort, but I will not do it.

There is a popular superstition that the Senate greatly improved the House bill. I will tell you what gave it currency and how it got abroad. There were a lot of distinguished statesmen who began to criticise this bill as soon as it went over from the House to the Senate, and they gave it Hail Columbia, Happy Land, and then, after they were compelled to take the House bill without one single solitary one of its fundamental provisions altered, they said that the Senate had greatly improved it. Let us see how the Senate improved it. They first authorized domestic acceptances. Imagine 25,000 banks, scattered over a great country like this, making domestic acceptances, incurring liability without a dollar of reserve behind them, and contingent liabilities at that. Is there any wonder that Sir Edmund Walker said that it would wreck the finances of any country on the civilized globe? Nothing like it prevails anywhere on earth in a civilized or uncivilized country. And yet that is one of

the things that the Senate did to improve the House bill, but we threw it out without any hesitation.

Then they put in a provision to take the Government's earnings from the Regional Reserve Banks to guarantee the deposits of the national banks—guaranteeing deposits with somebody else's money. We threw that out.

Then they provided that these Federal Reserve notes should be used as reserve by the individual banks. The House thought we were on a gold basis, but that proposed to put us on a paper basis. Talk about flatism! We threw that out. We required instead that the earnings, from this system accruing to the Government of the United States should be used to put behind the greenbacks now outstanding, so that in a few years they will be as gold certificates, dollar for dollar, and there will not be one element of fiatism in any of our American money.

The Senate did one good thing. It increased the gold reserve from 35 to 40 per cent. behind the notes and provided a graduate tax over all that the banks should fall below that. I wanted to do that in the House. The Banking and Currency Committee of the House and the House itself would have done it, but the suggestion was made, "You had better let those fellows in the Senate think they had some hand in this thing." But as if ashamed of having done that one sound thing, the Senate then went to work and reduced the reserves of the individual banks to such an extent that we would have had inflation, and the house conferees would not stand for it.

As I have said, they struck out that provision of the House bill relating to exchanges at par and collections at cost, and we put it back.

There was one other thing that we left to the Senate, which we would have done in the House, and the Senate did not even do that. That was the establishing of branch banks. We supposed they would do it, but they did not do it, and the House conferees, Mr. Corbin and myself, had to do it when the thing came to conference.

The Senate provided that no director of a regional reserve bank of Class B should be a stockholder in any bank. They would have gone to the almshouse to get the directors for the regional reserve bank.

I do not think that holding bank stock is any disqualification. I wish I had all mine paid for. The House, of course, struck that out.

I want to say to you, gentlemen, that there is not a single solitary fundamental provision of the House bill from beginning to end that was altered by the Senate, and yet because a few people, politicians or statesmen, wanted to save their face and their reputation for consistency, it has gotten abroad that the Senate greatly altered the House bill, and as notable a gentleman and publicist as Mr. George Harvey, of the *North American Review*, has solemnly written it into that magazine in the current number that the Federal Reserve bill as it passed Congress could not be recognized as the House bill as it passed the House. He has taken up this myth and spread it abroad. It is a superstition. All the Senate did was to raise the salaries of the members of the Federal Reserve Board from \$10,000 to \$12,000, which we supposed they would do, and we gave them that to do, and to increase the gold reserve, which we supposed they would do and which we were determined to do if they failed to do it. There is not, as I have said, a serious proposition in the Federal Reserve bill as it passed the House of Representatives that is not there to-day, but if we had concurred in the provisions put on it by the Senate of the United States, I do not know what sort of an estimate the banking communities of America would have put upon us.

There is one other criticism that I want to refer to briefly, and that is that we did not consult with the bankers of the country about this thing. I am ashamed to tell you how much we did consult with them. The fact

is that the bill is based upon a previous hearing at which the greatest bankers in America attended and gave testimony, and at which representatives of all interests in this country attended and gave testimony; and after the bill was drafted it was submitted to expert bankers in all parts of the country before it was introduced into the House. I am telling secrets now, but that is a fact. The bankers were not ignored. I have gotten a great deal of reputation of one sort and another out of the thing. I have heard myself described as a patriot and a statesman, and Governor Hamlin put the capstone to the eulogistic references this afternoon by saying that I am a genius, and I have gone around appropriating it all with good grace. It never has feazed me except on one occasion, and that was when I was given a public reception at my home, and I stood upon the stage and looked over that audience and saw boys with whom I had fought chickens and robbed apple orchards and things like that; and to have myself, in the presence of an audience like that, described as a distinguished citizen made me feel a little foolish. But when I get where I am not known I rather enjoy it.

But, gentlemen, in all seriousness, after everything is said, I want to say to you here this evening that the man who deserves supreme credit for this Federal Reserve Act is the President of the United States, Woodrow Wilson. After that statement I may in all sincerity, and without any exhibition of immodesty, declare that in my judgment it is a legislative miracle, and it was wrought by a supreme patience and unexcelled patriotism, and by a courage that was never exceeded by any public man in any public forum of the earth. I watched him through that trying ordeal. He was perfectly willing to listen to advice, but so passionate in his desire to serve his people that he could not be swerved from the path of duty as he saw it before him. There the credit belongs, and there I most willingly accord all praise! And let me say to the American bankers here assembled, if you gentlemen could know what has been kept out of this bill you would have a greater appreciation of what is in it. One reason why I was doubtful of accepting the invitation to be here was that I knew I ought to be at my post in Washington, and besides I am fined for coming here. But look at the suggestion which we have to meet, and with which we have to contend there, that the Government shall go into a valorization scheme for the benefit of a single commercial commodity, that the Government shall buy cotton; that the Government, which to-day is engaged in framing a measure to tax the American people in order to raise \$100,000,000 to make up the deficiency in the public Treasury occasioned by cutting off imports, shall also tax the American people to the extent of \$250,000,000 in order to guarantee the price of a commercial product. And I, a Southern man, Chairman of the Banking and Currency Committee of the House,

am upbraided and reproached by my colleagues from my section for not being willing to wreck the fabric of American credit in order to subserve that interest. In the last hours of the fight they wanted to include tobacco, because I come from one of the greatest tobacco-growing Congressional districts in the United States. I told them if they would put in newspapers, one of which I own, I would not support a proposition of that sort. Every patriotic American citizen has the greatest sympathy for the cotton growers of this country. There is not anything that might in soundness and sense be done that any man would not do, whether he be from Massachusetts or from Mississippi, from Virginia or from California; but it is preposterous to talk about doing things so foolish and so unprecedented as that. Not only is it foolish to suggest them, but it is almost unpatriotic to suggest them, and they will not be done.

That leads me to a concluding thought. Gentlemen, there are some people who are in this world but not of it. There are persons who are disposed to deride politics and to exhibit a contempt for public men who, without discrimination, they characterize as politicians. I want to stand here and bring against that class of my fellow-citizens an indictment of responsibility for the maladministration of government, and for any bad legislation that we may have put upon the statute books. They are not confined exclusively to bankers, but you have a large percentage among you. They are men who toast their heels before their andirons in the evening, in complacency and indifference to public affairs, and then on the morrow complain that ward politicians have run politics as only ward politicians can or will run politics. I feel like saying to the average American citizen of that type, whose wail is heard abroad in the land when anything is done that does not suit him in Congress, "You are responsible." If these men would attend to public affairs, if they would take pride and a patriotic interest in the politics of their country, as it is their duty to do, there would be less demagogues in public life and less bad legislation on the public statute books. After all, the demagogue is worse than an assassin any day. I am no better than other men, but I reverently thank God that in my public career I have always done what my judgment dictated, and I have never asked whether it was popular or unpopular.

Now I thank you for your very courteous and gracious invitation, and even more for your rather apparent interest in what I have said. I wish I could have withdrawn my thoughts from matters that were immediate and imperative at Washington, that I might better have prepared a succinct and cogent exposition of all the provisions of this Federal Reserve Act, but that was impossible, and I hope you will appreciate that I was trying to serve my country there, and for that reason could not do better here.

Preparing the Federal Reserve Banks for Opening.

By C. S. HAMLIN, Governor of the Federal Reserve Board.

In behalf of the Federal Reserve Board, I wish to express my thanks for this invitation. The deliberations of your Convention will be watched with interest by all students of finance, and the country expects to receive from it most valuable suggestions in the determination of the many problems pressing upon us for solution. I feel, however, that my function to-day must necessarily be for the most part that of a listener.

The present crisis, caused by the European war, must bring home to all of us the real interdependence of nations, and the fact that commercial disaster suffered by one nation must necessarily, in the long run, be shared by the others, and that enduring peace is a condition to be sought for by all.

The duty of the Federal Reserve Board is to administer the law as enacted by Congress, and I know we shall all listen with the deepest interest to the distinguished member of the House of Representatives, the Honorable Carter Glass, who will shortly expound that law to you. The genius and painstaking industry of Mr. Glass, Senator Owen and the Secretary of the Treasury was in large measure responsible for it, and no man in the country is better able than he to explain it.

The Federal Reserve Act, while the immediate result of the legislation of the present Congress, represents by no means a sudden flash of financial revelation out of a clear sky; it rather stands as the culmination of discussion and debate spread over many years. While it was a party measure, it was not a partisan measure. On final enactment it received the support of many who were glad to forget political differences.

The cornerstone of this legislation was laid by your Association when, in 1894, it advocated the so-called Baltimore plan of currency reform. Following this came other plans—that of Secretary Carlisle, of the Indianapolis Monetary Convention, the so-called Fowler plan, and many others. Next came the legislation known as the Aldrich-Vreeland Act, now on the statute books, but amended.

None of these plans seemed to satisfy the present needs and problems of the American people, and finally there was evolved the plan prepared by the National Monetary Commission. After long, continued discussion, it became evident that the people distrusted the centralization which they believed to be involved in this plan, and no action was taken upon it.

As a culmination of all these efforts came the Federal Reserve Act, which became law December 23, 1913. Under its provisions the member banks will be assisted by the Federal Reserve Banks in furnishing the credit to the farmer, the merchant and the manufacturer. When in complete operation the funds of the people deposited under the national system will be brought together in the vaults of the member banks, and in the twelve Federal Reserve Banks. The assets of these Federal Reserve Banks, and the Government deposits which may be made in them, will be pledged to strictly commercial uses, and cannot be used for speculative purposes. The money of the people will be kept in circulation and a system of note issue is provided which will in the truest sense be both elastic and safe. I believe that the soundness of this legislation will soon be apparent to all.

In this connection, also, I wish to acknowledge the fine spirit many of the banks and bankers of the United States have displayed in helping to restore the present

disturbed financial conditions resulting from the European war.

The American people have demonstrated to the world the inherent strength and soundness of the resources of the United States, and our determination and ability to discharge every international obligation in gold or its full equivalent.

To this end the country has had the benefit of the statesmanship and sound leadership of the President of the United States, the trained judgment of the Secretary of the Treasury, and, as well, the able co-operation of the Comptroller of the Currency. Furthermore, the crop-moving money, and the legislation authorizing increase in the so-called Aldrich-Vreeland currency, have gone far toward re-establishing normal conditions.

Our present difficulties do not appear to arise from the scarcity of actual money, or its equivalent in bank notes. There seems to be an ample supply in the United States, and much more can be issued, if there is a real need for more. For example, the total of Aldrich-Vreeland notes throughout the United States available for issue amounts to over a billion two hundred million dollars, while there have actually been shipped to banks only a little over \$340,000,000; in the Southern States alone there are available about \$169,000,000, while there have been shipped only between \$50,000,000 and \$60,000,000.

The real difficulty would seem to be one of credit. Mutual trust and confidence have been disturbed. In addition, as to certain great crops, the demand has temporarily greatly decreased in consequence of the foreign war, and as a result value has left its moorings—the cost of production. The problem, normally, can be worked out only by a diminished supply or an increased demand. Ordinarily, such a condition would quickly adjust itself, but the suddenness of the shock of war has led to many plans being initiated, most of which depend upon assistance from the national Government. We should see to it that the remedies proposed are not worse than the disease itself, for no remedy, even if efficacious for the immediate problem, can be justified if, in the end, it can only add to our commercial trouble and perhaps even shake the foundations of our national credit.

Fortunately, the United States treasury is in sound financial condition. It possesses ample funds of gold and ample power to increase the gold reserve, should it ever be necessary. The Federal Reserve Act has added to the powers of the treasury by providing that the Secretary may issue gold bonds to maintain the parity of all forms of money issued or coined by the United States, as well as to strengthen the gold reserve, and it is believed that no Government on earth to-day is better equipped than the United States to deal with any financial emergency.

The Federal Reserve Banks are quickly approaching the time of opening and operation. The directors are all elected or appointed, and as soon as certain necessary preliminaries have been accomplished, such as the election of officers, securing of headquarters, appointment of the necessary clerical force, and other preliminaries, their doors will open for business. There is to be a conference in Washington on October 20, at which committees representing the directors of the various reserve banks will be present and report as to progress, and it is hoped that then an authoritative statement may be made of an early date when the banks will open.

It should be remembered that the reserves to be paid

into the Federal Reserve banks will not reach their maximum until after the expiration of three years. At the opening of the system, however, the reserve banks will begin operations with a paid-in capital of about \$18,000,000, and reserve deposits of about \$250,000,000, of which latter not exceeding one-half may be paid in in commercial paper discounted by the member banks. It has been asserted that the assets of these banks when they begin operations will give only a limited lending power. It should not be forgotten, however, that this lending power may be greatly increased by the deposits of public moneys, which the Secretary of the Treasury is authorized, at his discretion, to place with the Reserve banks as fiscal agents of the treasury; practically all of the Government revenues, excluding trust funds, could be so deposited and the Government debts paid by check against such deposits. Moreover, the Federal Reserve Act largely increases the lending power of the member banks by reducing their required reserves. One can state with confidence that the Federal Reserve system at the outset will increase the lending power of the national banks and the Federal Reserve Banks by some hundreds of millions of dollars, and at the expiration of three years this will be very largely increased, at which time the reserves will all be kept either in the vaults of the member banks or of the Reserve banks.

An amendment is now pending in Congress, under which member banks may keep all their reserves in the Federal Reserve Banks. If availed of by the member banks, and to the extent availed of, this will greatly increase the lending power of the Federal Reserve Banks, thus tending to put these banks at the opening more nearly in the position they would be in after the expiration of three years, and increasing their power to cope with present abnormal conditions.

Some people may be of the impression that the organization of these banks has been proceeding very slowly, but I think some of the difficulties which have had to be solved will be realized when we consider, for example, the choice of Government directors, of which there are three upon the Board of each Federal Reserve Bank. It was necessary to secure as directors men of ability, experience and high standing, who could and would agree to attend directors' meetings and to devote to these banks, at the expense of their own private affairs, the time neces-

sary for their proper management. The vast area covered by the reserve districts has made this an intensely difficult proposition to work out. For example, the reserve district of which Dallas is the Federal Reserve city covers an area of over 430,000 square miles—more than double the area of the German Empire, excluding its colonial possessions. This district has a population of nearly six millions of people, being greater than that of the Netherlands, Sweden or any South American republic, excepting Brazil and Argentina.

So, also, the Federal Reserve District of which San Francisco is the Federal Reserve city, has an area of over 683,000 square miles. This area exceeds the combined areas, excluding colonial possessions, of the German Empire, France, Italy and Great Britain.

Similarly, the population of the Chicago district is greater than the combined populations of Sweden and the Netherlands, or of Belgium and Switzerland. Finally, five of the twelve Federal Reserve Districts are larger in area than the German Empire, excluding its colonies; four of the Federal Reserve Districts are larger than the total areas, excluding colonies, of France, Italy, Belgium, the Netherlands, Denmark and Switzerland.

There are many important questions, arising under the law, which are now pending before the Reserve Board, and which are receiving its careful consideration. Among these are clearances of checks, the definition of eligible commercial paper, and many other important questions. It is impossible for me to touch upon these here. I may say, however, that we want light thrown upon them, and any suggestions emanating from your body will be carefully and conscientiously considered.

In this connection, I want to emphasize the necessity of establishing branches of our national banks in foreign countries. We have already approved applications for two branches in South America and one on the Isthmus of Panama, and we feel that along these lines our financial energies should operate to the great benefit of agriculture, commerce and the manufacturing industries of our country.

In conclusion, I wish to say that the Federal Reserve Board is fully mindful of the trust and confidence imposed in it, and we shall use all our energies in so administering the law that it shall redound to the best interests of the greatest number of the people of this country.

The Will of the People.

By MARTIN W. LITTLETON, of the New York Bar.

MR. LITTLETON: Mr. Chairman, Members of the Association, Ladies and Gentlemen:

I take it that you have little excuse for asking some person, so to speak, from the outside, to come before you, except in the fact that, after all, it may relieve your attention from the business to which you are daily devoted when you are at home. In other words, if a voice from the outside can be justified in this assembly, it must not be upon the ground that he comes to talk to you of the affairs with which you are familiar, or to suggest to you things with which you are acquainted, but rather to speak to you from the point of view which he occupies, and from the point of view of the outside world.

Strangely enough, in our country, yet so young, we are grouping ourselves in professions and businesses to such an extent that one can scarcely see over into the other, or understand it. So my justification for what little I shall say or suggest is the fact that I come from another profession to talk about something which is somewhat removed from yours.

Our Government, whether it may be satisfactory under one administration or another, and whether it may represent your or my political faith, after all, is our Government, and it behooves us, at as frequent intervals as the occasion will permit, to inquire a little into the things fundamental, the things which are controlling, the things which are dictating, the things which are finally ruling its policy.

There is no doubt any longer in the mind of the average man that the phrase, "The will of the people," in some form or other, after some method or other, is finding its expression in the affairs of the governments of all the world. There is no doubt that even now, with the frightful situation which Europe presents, which all can deplore, and about which all should keep quiet, there is no doubt but even that, as we see it, reddened with the blood of a great war and blackened with the ruin which follows it, is still, nevertheless, an extension, or will be an extension in the finality of this single phrase which has been assigned to me as my subject to-day. A great writer has said, perhaps only when mankind

are perfectly wise will the expression of a general will be perfectly exact; perhaps only when mankind are perfectly good will such a will itself be perfectly good. He has also said that that is no reason for a disinclination upon our part to see if we can make effective the doctrine of the American Government, and when I say the doctrine of the American Government I mean that doctrine whose influence has washed itself back upon the shores of the Old World to be felt in every nation of the earth.

What is the will of the people? That phrase is coeval with the earliest times of the Continent and of England. It found its frequent use in the Revolutionary period of America. It found its great revival in the Jacksonian period of our country. It finds its accentuation and emphasis in our own period to-day.

We ask ourselves politically and sociologically what is the will of the people? Is it that volatile factor with which you and I are acquainted in our own cities and towns, which we meet currently about our cities and towns? Is it that thing which we call in the community "The sentiment seems to be that way." Is that the will of the people as commonly expressed and commonly understood?

Let me call your attention to what I think was as philosophic an utterance on that subject as I have been able to find. You know that in the English Government they are divided into the Conservatives, the Liberals, and the Unionists. A very excellent and clever English writer has said:

If one reads through a political column in a contemporary newspaper, it gives one thought to notice how few current political terms carry in themselves any definite meaning. Take such words as occur most often—"Liberal," "Conservative," "Unionist." Now, it may be contended that a reading of political history will show that men called, for instance, "Conservative," have been standing, as a matter of recorded fact, for some definite political or economic principle. But such a principle, if it does exist in the minds of men called "Conservative," is not contained in the meaning of their name as it stands. The Conservative may no doubt claim to conserve what is good, the Liberal to free men from what is evil, the Unionist to join men for a common end. But so far the three principles are nothing but complementary and compatible, and the citizen has to read history in order to find out where exactly the principles of these claimants did in practise clash, or what particular things important men of either name believed worthy of being conserved, or abolished, or promoted. He will find, for instance, that the Unionist, so far as he did stand for something more particular than a belief in union for common ends, was in fact a Liberal who did not agree with certain other Liberals that a particular sort of self-government ought to be given to a particular body of people at a particular time. But such a fact as it stands implies no principle from which the Unionist may deduce why and when men ought to unite, none from which he may deduce what type of industrial government ought to prevail in England now.

From names like these the citizen will turn in despair to seek that of some fairly definite thing which all parties profess to think good. If he is reading a newspaper he may find such a thing under the name "Democracy"—which seems to mean as it stands, "The rule of the common people." He will notice that all parties base their claim to support upon the soundness of their Democracy; he will also notice that in practise the will of the common people is not done. From these two facts he will be bound to infer either that Democracy must mean something definite, or else that the claims of all parties must be questioned.

Having reflected thus far he will examine more closely, we shall hope, the first elements of politics and morals—in order to discover, if possible, what precisely are the

real implications of "Democracy," whether it is good or evil, and how it can be farthest promoted if it is good, or most readily abandoned if it is evil.

One of the more important facts among those that the inquirer may first recognize, a fact that should be all but self-evident, is that the actual experiencing done by one mind or spirit is not the actual experiencing done by another, and that therefore it cannot depend, as a whole, on the direct causing or determining of that other. Therefore it is not that good which is or may come to be "in" his fellow that the citizen should try to promote directly, but the conditions of that good.

For his friends that he knows well he may be able, as a private man, to promote the good "in" them far less indirectly, and very much farther (with a similar expenditure of energy) than he would be able to promote the good "in" those that he knows hardly or not at all. Those, on the other hand, who may be affected by the end at which he aims in a public capacity will almost all be persons that he does not know well.

Let us agree to mean by the word "State" in the present context that body or bodies in a community by which laws are passed and executed.

The acts of a body of men (if such acts there can in strictness be) are either the sum or else the result of the acts of its members as such. The members of such a body or such bodies in this country are separate persons, each aiming, as member, at ends which apply to the whole community; that is to say, to human beings almost all of whom he knows hardly or not at all.

It follows, therefore, that the normal function of the English State ought to be at most not more than the maintenance of that part of the more external conditions of the best possible life which no effective unit can maintain with equal public profit. More than this it ought not normally to attempt.

The next question which naturally occurs is, "What citizen in particular ought to make the laws?" Ought the community to be governed by one man? If so, which one? By a few? If so, which few? Or ought it to be governed by all? And if so, how? and in what precise sense? We find ourselves involved at once in the apparently eternal controversies which turn about such words as Monarchy, Aristocracy, Democracy, Theocracy, Plutocracy, Oligarchy, Ochlocracy, Timocracy, Bureaucracy, and so forth.

Let us see how some of the controversies express themselves in our own day.

Looking at contemporary practice, we see in our own country that one particular man is called the King, that the act of passing laws is done by a few men, and that of these few almost all say that they are true Democrats. We also find it difficult not to suspect that the will of the common people is not done.

Examining current theory, we notice such terms and phrases as "the will of the people," "freedom to choose representatives," "government by the best," "government by experts," "specialists in the art of government," and so on.

Let us begin by distinguishing the main aspects of law-making. First of all, there is the disposition of things which it is the purpose of the law-makers to bring about; secondly, there is the expression of this purpose in an actual bill or detailed proposal; thirdly, there is the execution of this purpose in the administering of the law by the executive officers of the community.

Take the last aspect first. What particular citizens ought to be the executive officers? Obviously those who can execute or administer the law so as best to achieve its purpose. So far as they are executive officers only, they ought not to determine the purpose itself; though the policeman may rightly, in his non-executive capacity, criticise the purpose of the law he has been executing, or vote against those who made it. In his executive capacity he ought to be, in comparison with the average

citizen, a man of exceptional or distinctive abilities or experience—in short, a specialist or expert.

Again, what citizen in particular ought to undertake the expressing of the purpose of a bill? Obviously those who can do the best—specialists and experts in those special and particular sorts of knowledge which the details of the bill demand. So far as they are public servants, their office is to express the purpose of the law-makers and they ought not, therefore, to determine the purpose itself.

Let us ask lastly what particular citizen ought to determine the purpose of a law—to determine, that is, what disposition of things ought to be brought about in a community when, as is the case with England, it consists of persons almost all of whom would not be well known to the members of any body of men few enough to deliberate together effectively in a council chamber.

It ought to be recognized quite clearly at the outset what it is that the law-maker is required to do. The normal function of the State, we discovered, is to maintain that part of the more external conditions of the best possible life which no other effective unit can maintain with equal public profit. The law-maker ought therefore to be that sovereign power (whether one man or more than one) whose knowledge includes the best employable insight both into what persons ought to be and also into what they are. In other words, the knowledge of the law-maker ought to be the best employable knowledge of human good and of human nature.

Where is this sort of knowledge to be found?

The believer in Absolute Monarchy holds that it is to be found in some one man. Such a belief does not bulk very large in current theory, nor do most supporters of our own limited monarchy contend that one man ought to determine the ends of national life. And it is worth while remembering that the ancient kind was very often an expressor of national purpose, or even an executive officer. Very often a tribe desired victory over its enemies (deeming it, perhaps, a condition of the best possible life), and one particular man was best able to achieve it. It was only so far as a tribe did not distinctly desire victory that the kind who won it was determining by himself the ends of the State's action.

Believers in Aristocracy would contend that the required knowledge is to be found in some few—that is to say, that the best employable insight into human good and human nature resides in some ostensible minority, which ought therefore to determine the ends of the State's action independently of the judgment of the other members of the community.

Against this the Democrat believes at the least that on any civic question involving that of the goodness of an end the deliberate judgment of a determining majority of the citizens is, as a rule, better than the like judgment of any other ostensible body in the community. He therefore desires the directest possible action of this judgment on the determination of the purposes to be expressed in laws. He would contend against Aristocracy: First, that human beings are not so made that the best employable insight both into their nature and into the good of which they are capable can reside in any body of possible law-makers other than a determining majority of the community; secondly, that even if it could so reside, such a body is not ostensible; thirdly, that even if it were ostensible to the student, it could not get laws passed and executed except so far as it were permitted by a determining majority.

In our own country when we search the names in modern political affairs of those which classify you and me and our neighbors, we find that after we get beneath some acute superficial subject, we all come back and claim the root and branch of the philosophy of our Government, so far as we can, and that is that it is based upon the will of the people of our country. That phrase has been used and misused and abused until it has be-

come more or less the song of the demagogue or the object of derision by the Bourbon. On the one hand, the Conservative has come to despise it because it has been misused. On the other hand, the so-called Radical has come to love it because he thinks it expresses something which will reach the heart of the average man. I propose to deal with it, disregarding my politics and your politics, and caring not one whit whether I agree with you or you agree with me, because I take it you wish me to say what I thought, and not what you thought I thought when I came here.

All governments nowadays, with the exception of possibly a few, have either actually or professedly adopted a form of organized public expression; that is, they have endeavored to furnish a channel through which the popular judgment and the popular will and the popular wish might find its adequate expression. They have not succeeded, not one, simply because the machinery by which those things are done is necessarily inadequate and necessarily ineffective.

All mankind have accepted the essence of democracy, and by that I mean the essence of the thing of which I have just spoken—that governments must be ruled by the consent of the governed. I say all mankind have done so. All of the Anglo-Saxon mankind at least have done so. The difficulty is not that you and I should agree upon the general principle. You would not relinquish your interest in your government even though you failed to exhibit on occasion after occasion, as I do. You would not surrender your right to participate in the affairs of your city, of your State and of your Nation, even though indifference overcomes you and lethargy sometimes besets you in the exercise of that privilege. You would not if you could, and I believe you could not if you would, surrender the obligation as well as the duty to do for your city, your town, your State and your Nation, at least in the maximum of its crises, the service which seems to you to be best for your country.

The difficulty is we do not disagree upon the fact; that the rule by the people of the country is, after all, the rule to which we are committed. What we disagree about is how that rule is to be applied, how that agency can be made most effective; and in the end the great principle of government by you and all your class, and government by me and the class to which I belong, and government by somebody else's class, is to be made effective to the end that certain great things shall be preserved.

The man to whom I was referring a moment ago, a little later on in the article which he wrote, made this observation—he speaks, for instance, about the making of laws:

"It is at this point that perhaps it ought to be noted that in England to-day the law-passers," as he calls the Parliament, "are not the same body of people as the law-makers." Those who make a law include all those whose action and influence determine the action of the law-passers in voting on it, but those who actually do vote on it constitute, owing to the area and population of the modern national-state, a very small fraction of the community. It is not within the scope of this chapter to ask whether in a city-state such as Periclean Athens the normal function of the State might safely differ from that which we discovered it ought to be in this country to-day, but so long as a whole nation cannot meet in the market-place to discuss and vote on laws, it must at some point express its corporate will through some machinery of representation. It is therefore the modern nation-state, and England in particular, that will be now considered.

Returning to the first objection of the Democrat, we can rest assured that it certainly does not amount to a contention that any judgment of any majority in any community must necessarily be right. Political sovereignty may rightly repose in a power that is not only

fallible, but even capable of deliberate evil. Obviously, it must so repose if human beings are to exercise it at all.

We may now leave this first objection for a moment, since although it is one that must compel the assent of any responsible inquirer who will reflect deeply and candidly on his own nature and on that of his fellows, the Aristocratic theory may more briefly be refuted by the second and third objections of the Democrat. Those are: that even if there were such a body it is not ostensible, and that even if it were ostensible to the student, it could not get laws passed and executed except so far as it were permitted by a determining majority of the community.

To the latter of these two objections the Aristocrat might reply: First, that if there did exist such an ostensible body it would be justified in using force (for instance, the help of foreign mercenaries) to make its judgments effective on the conduct of the State; secondly, that we do find in our country to-day that few men can get passed and executed laws which do not express the purpose of a determining majority, that these few may not be the best few, but that if the best few could be pointed out they, too, could so dictate the ends at which the State should aim.

The Democrat would rejoin: First, that to the fulfillment of any purpose which involves the good "in" others, the account of their feeling and the assent of their will are so necessary that even such laws or institutions as would otherwise succeed must fail, in the absence of such an acquiescent temper in the governed, to promote for the best possible life even that part of its conditions whose maintenance is the normal function of the State; secondly, that the government of such a coercing body could not be stable.

Also, thirdly, that even in our own country to-day the few who determine the ends of the State do find it necessary to claim that they are governing "by consent." Even, therefore, if these few were the best few, as the Aristocrat desires, they could only get laws passed and executed so far as they could persuade a determining majority so to allow them. But in strictness a government is Aristocratic only so far as it prescribed the ends of the State's conduct independently of the judgment and will of a determining majority. This, without using force, no few could completely or permanently do—though the behavior of our modern Parliament does show, it may be admitted, how far a few, not the best, may take advantage of a nation's lethargy.

Turning to the second original objection of the Democrat (that no minority is ostensible which possesses the proper insight to fit it for determining by itself the ends of national conduct), the Aristocrat might urge that there have lived men in the past whom peoples have called in as dictators, and kings or oligarchies on whom nations have relied to express the national will.

The Democrat rejoins again that it was the people who did call in the dictator, and that it was the national will that they wanted expressed, not that of one man or a few independently of it.

Since the Aristocratic theory is thus provable unsound, let us return to the creed of the Democrat. He believes that on any civic question involving that of the goodness of an end the deliberate judgment of a determining majority of the citizens is, as a rule, better than the like judgment of any other ostensible body in the community. He therefore desires the directest possible action of this judgment on the determination of the purposes to be expressed in the laws.

The creed as it stands is, of course, only the very minimum basis of the democratic faith. Some democrats believe in "the divine right of the people to govern wrong if they please," for just as free-will, they contend, is granted by God even to agents who may abuse it, so the mere fact that a people act wrongly is no ground for

their being prevented from determining their own life. To discuss this might involve the question whether freedom is a means or an end, and it will be enough to say here that although some Democrats may feel that the suggested minimum understates their conviction, it is certain that no man is a Democrat who does not accept as much.

In our own country we adopted in the Revolutionary period a general doctrine, a doctrine that all governments derive their just powers from the consent of the governed.

This was the Revolutionary period. This was the period in which democracy was used as a destructive agency; a period in which it was enough to inflame, to excite, to arouse, and then to use whatever spirit of democracy there was to overthrow or to resist the power of the Government which was then over us. We never dreamed, my friends, in the Revolutionary period, which was just exactly eleven years before the adoption of the Constitution, we never dreamed then about how the organized public opinion or we never dreamed how the organized will of the people, we never thought how we can make the will of the people effective, we never thought how we can enlighten the will of the people, we never thought how we can be relieved from its dangers and yet enjoy its blessings.

Our whole purpose in the eleven years between the Declaration of Independence and the adoption of the Constitution was devoted to the use of the aroused will of the people to overthrow and to get rid of a government of which our ancestors had grown tired, and to set up another Government of some sort. The distinction being that Government had not been organized, and was not, indeed, organized until we reached the Constitutional period.

Now, it has been said that the Revolutionary period represented the radical period and the Constitutional period represented the reactionary period. I do not like either one of those words myself, because I think they have served more purpose to confuse modern politics than almost any two words you could employ, but they have been written down as being descriptive of those two periods. It has been said of the Revolutionary period that men then followed Samuel Adams, Patrick Henry, Otis, and that Otis and Samuel Adams followed Locke, and that the English writers as in the previous revolutions of the century sort of laid the foundation for Revolutionary doctrine. The fact, however, is that no man during the exact Revolutionary period, even the men who framed the Declaration of Independence, conceived of the method, when they had gotten rid of the Government, would employ the will of the people as the great agency for Government. After the Revolution was over, after our country had had its independence, after the long cherished point had been reached, after this and other places which produced Revolutionary characters had relaxed into a period of contemplation and silence, after no longer the seas were swarming with English vessels, and no longer our Coast was riddled by English ships, and we had come to the question of how we were going to use the great power we had achieved, how shall we take this Continent, how shall we take this great agency, known as the will of the people of our country, and make it an effective agency for the government of our country?

Those men organized under the ARTICLES OF CONFEDERATION, which failed, hopelessly failed, because shot through and through with jealousies; because each State suspected the other, because each State suspected the general Government, because each State held in its hands the purse and the sword, because it commanded everything that meant power and energy and strength on the part of the Government, and, like a house of cards, it went, and went rapidly.

Our first President, Virginia's first President, the man about whom you all know because he secured a lot in his

tory where nothing but veneration and gratitude could reach him, who sprang from the bosom of this old commonwealth and who for eight weary years led the striving revolutionists—he saw what his eyes, dimmed with tears and his heart heavy with the burden, that the Government after all that had been rescued from the power and influence of a country that had threatened us with taxation and burdens was now about to fall to pieces.

Eleven years had elapsed since another great Virginian had set on fire the political literature of the world with a great Declaration of Independence. Twenty years had elapsed since, with flaming eloquence around these very hills, there had been made the declaration that our Government must resist the agencies of other governments. And now the time had come to say what, after all, will we do with the liberty, what will we do with the democracy—gone the Kings with their glittering crowns, gone with the towers, gone all the agencies of the old world, and nothing left us but the memory of Sir Edward Coke; nothing left us but the subtle wisdom of Montesquieu—what shall we do, after all now, that we have the power, with this Government? Our articles of confederation have broken down. The States are powerless, the Nation is powerless, our treasuries are empty, the sword has fallen from our hands; discord is running through and through the councils of our Nation; what shall we do now to preserve and make effective the great principle for which we have contended, which we have vindicated, and which we have appropriated to ourselves as the everlasting charter of human rights?

That was the period of American history that tried men's souls. It was glorious, indeed, to have fought in the Battles of the Revolution. It was splendid to have been able to be in the outbreak of the Revolutionary spirit, but it was more burdensome still to be confronted with the problem of how we will organize the public will, or the will of the people, and make it effective. Men were not mistaken in those days. They held no chimerical ideas that in the mass you can find initiative, or you will find people who will attend to public business. They understood that, as the King had ruled in other lands, we must have something to take his place. They understood that, as the cabinet had been master in other countries, we must have something to take the place of that cabinet. They understood that, as there had been some sort of common consent of rulership in the old country, we must have something to take its place. And so there ensued what was called the reactionary period in American history. Called reactionary, I know not why. I have before me a volume of a most eminent author, a most estimable gentleman, who has chosen to use that phrase. I would not dispute with him upon any grounds of scholarship or authorship, but I would dispute with him if he undertakes to characterize the period of constitutional discussion and constitutional adoption in this country a reaction on anything, because it was the most progressive and far-reaching of all the things that were done in the history of the American Government. The period ensued, and the question arose; What will we do to organize Democracy? You and I agree on Democracy generally, but we may not agree upon how it may be organized. You and I agree that the will of the people shall rule, but we may not agree on how that will shall be ascertained, and what kind of a will shall rule. I, for one, find all the pages of the earlier literature of our country, brilliant as they are, having but one note running through all of them, and that is, it is not the volatile will, it is not the sudden will, it is not the transitory will, it is not the hot impulse, but it is the settled and enlightened will of the country that was written down as the basis of Democracy in this country, and was intended to rule.

How did they go about it? They had to have a constitutional convention. I hope you will bear with me on what seems like old things now, because a frequent recur-

rence to the fundamental things governing our country is but an inspiration to keep us straight on the path that was intended that we should go.

They were confronted with the question of preserving three things, without which every civilization is stripped of its blessings and every period of human history is robbed of its attraction, life, liberty and the pursuit of happiness. These were the things which had to be preserved; these were the things upon which other governments in other periods and other influences had encroached; these were the things which they had been denied; these were the things against which it seemed that the mother country had most offended. And so it was in some form to make secure certain, definite great rights. First off, we should have participation in our Government. In other words, in some form we should ascertain the public will, and do the public will. We should ascertain what the will of our country was, and do that will, as agents of it.

But there were certain other things which our fathers saw, and which we to-day cannot fail to recognize. There were restraints which they not only desired to impose upon the Government, but they desired to impose upon themselves; there were restraints which they had found ought to have been imposed upon the King, but, not having been imposed upon him, if any other government should be erected here, it must be a government that must suffer those restraints to be imposed, and also restraints upon themselves.

Now, my friends, you have heard talk about the rule of the majority. No man doubts that the determining will of the majority in this country, in regard to all questions that have not been put beyond the reach of the majority, is absolutely the solemn doctrine of our republic. But there were certain things which they said they intended to submit. Not to leaders alone, not to makers or to writers, but to the people themselves on the adoption of the Constitution, adopting it for the purpose of saying there are certain great principles which stand for the civilization of which we are the exponents. My life, my liberty, my pursuit of happiness; the things which I may acquire, the things which I may do, as Rudolph Von Erringe said in his wonderful little book:

"My property is but the periphery of my person. I have transfused my blood, my muscle and my brain in it until it has become the boundary line of my personality. The man who assails that assails me, because it belongs to me," speaking essentially of his private property.

So, then, they were confronted with preserving certain rights which antedated the Constitution. They were confronted with preserving certain rights which should not be disturbed, except in a certain way; and those rights may not be embodied in the great trinity of rights which were expressed by Mr. Jefferson when he wrote the Declaration of Independence. It was expressed in New Hampshire; it was expressed in Vermont; it was expressed in Massachusetts; it was expressed in all the New England States, in Virginia, in all of the original States: Life, liberty, and the pursuit of happiness. These things should be locked up and securely imbedded against what? Not only against the encroachments of those from without, but against the sinister advances and influences of those from within; not only against the man who would rain his blows upon the outside of the Government, but against the man who, inside his Government, would undertake to dismantle and destroy the Government and undermine those principles.

What is my life if I may not go forth in conquest of the earth's surface in security? What is your life if you may not go forth unharmed and unhindered and reap the benefits of your labors. What is life here, or elsewhere, if I may not go out, captain of my soul, within the orderly pursuit of my business and achieve all I can achieve and bring home all honestly I can bring home

and say: "This is the result of my labor and my trials and my tribulations?" They were trying to write that into their government.

And so, in attempting to make their Constitution they wrote certain great rights, which are expressed in short phrase, but without which the stability, the future, the endurance of the government under which we live would have been imperilled, as the old articles of Confederation had imperilled the first.

This Declaration found its expression in the Constitution of our country. I know now how unpopular it is in certain quarters to speak of the Constitution of the country. I know how men say: "Oh, well, what has the Constitution to do with it?" I know how men say: "We live in a different age." I know how frequently that expression is made. I have heard men say: "I am not bound by the Constitution; it was not adopted during my period of time." Let me remind you, my friends, that the Constitution which exists to-day came from your fathers, your grandfathers, and each generation has acquiesced in it, and each generation has had an opportunity to change it, and until they change it, it stands as the expressed will of the people of this country.

So you ask me what the will of the people is? I tell you the first and final, and sublime will of the people is found in that document which was held stable and in check the great agencies of this great Government. You ask me what the will of the people is? I tell you, you will find it in that document which was vitalized by the philosophy of that great jurist, whose little home sits over here in the city of Richmond, now with the banner gayly fluttering there, and the plain tablet on it: "The Home of John Marshall."

Men have searched all about and said: "I am going to do the will of the people." I have heard it in Congress and out; I have heard it on the stump, North, East, West, and South. "I desire to do the will of the people." Most of them are trying to do the will of the people sitting in front of them; I believe in doing the will of the people that wrote it in the Constitution.

A strange thing occurred within the last ten years. You would think it was incredible, but as a matter of fact, our courts were put on trial. Now, I have had as much quarrel with the courts, personally, as anybody else. I think they have decided more of my cases wrong than of most anybody's cases I know of. (Laughter.) But you have heard men high in authority saying that the courts are frustrating the will of the people; that the courts are in the way of the expression of the will of the people; that Democracy cannot attain its highest point, because those archaic institutions are sitting in the way of this great flood of public opinion that would fain rush on.

Now, what does that mean? Suppose the general assembly of Virginia had passed an act and the courts take up that act, and they say: "This act is contrary to the constitution of Virginia." The people who believe in that act say again: "The courts are frustrating the will of the people. The people elected the Legislature. They sent them there. They intended that the Legislature should pass that act. The Legislature did pass it, and now the courts are standing in the way of it." Then the cry goes out, "The courts ought to be put under some sort or surveillance or recall, or something of that sort," and that cry has gone from State to State and from place to place, until it became almost subversive of the dignity and honor of the judiciary of this country. Now what was the real philosophy of the thing? The judge sat on the bench. Over here was the constitution of your State of Virginia, a constitution adopted how? It was the sublime, the solemn, the expressed will of the people of Virginia. It was the highest example of the ascertained will of the people of Virginia. It was the only known force of the will of the people of Virginia on the subjects to which it related. It was the only way in which you

could search into the hidden domain of the will of the people of Virginia on the subjects to which it related. The courts said: "This act of the Legislature did not come into existence at all. It could not come into existence at all. Why? Because the registered will of the people in the constitution was here first and forbade its existence. No matter how many acts of the Legislature might be passed like it, they could not come into existence so long as the will of the people was thus expressed in the constitution of the State." And forsooth there were men who said, "The courts are frustrating the will of the people," when, in fact, the courts were defending the will of the people, and were enduring public shame and abuse for defending the will of the people against acts which attempted to frustrate that will. The same illustration may be applied to Congress. Suppose the Congress of the United States should pass an act which in a measure diminishes the interest you and I have in the common properties which we own. I do not say they would, and I do not say they might not. But, suppose they did. How would we find out whether the thing which we had before it was passed was still ours or not? We would naturally address ourselves to that tribunal to which we are accustomed to go to seek redress. Now, when the court says that act of Congress is invalid, why is it invalid? Not because the court says so; not because the judge says so; not because the judge wishes it so; not even because the whole bench wishes it so. It is because, coming from the lips of the sainted dead, they wrote into the Constitution of the country, and you adopted it as your will, that it was the will of the people of this country that no such legislation as that should be passed; therefore, the courts became the vindicators of the will of the people as expressed in the Constitution of the country.

Now you say, how do you ascertain the further will of the people. I want, if I can, to leave with you only one idea—and if I do that I shall be successful—that the live, the vital, the stable, the everlasting, the enduring thing about our Government is the will of the people, and that will of the people, enthroned and unassailable, is found in the organic law of our land, in the nation, and in the State; and if, desiring to supplement that will by legislative act they choose their public servants and send them there to do it, that is their right, always having regard for this, that as to certain things they have settled them until such great revolutionary time comes, when they choose to unsettle them. If they want to amend the Constitution of the United States they must do it in that way which solemnly, earnestly searches the will, the judgment, the conscience, the heart, the very soul of men, and not in some transitory passion to the solemn will of the people as written into that great document.

Now I hark back to what we started with. Democracy, the love of the rule of the people may be universal. I belong to the people just as much as the men who protest that they belong to them more than I do. But I believe it my duty, so long as I shall contribute my little to the public service, to see if I can so direct public opinion and help to direct it that the truth, the enlightenment, the justice, the patriotism, and the service of my country may be the sole consideration by which I am guided.

Now having set up this great framework in your State and in your nation, this is the will of the people, running back from here, clear back to Madison and Monroe and Hamilton and Jefferson and Franklin and all the illustrious men; yes, running back to the Civil War, and after the Civil War running back to those who in turn adopted it.

Now, how is public opinion otherwise expressed? How do we ascertain the will of the people in any other way? By the acts of our legislatures and our courts consistent with the hitherto expressed will of the people in the Constitution. Supplemental legislation of different kinds,

new policies and the new order of things go on from year to year. The people express their will by choosing the men whom they wish to express their will for them in these public places, and thus grows up the great body of statute law apart from the Constitution of your country. That statute law represents the supplemental will of the people as it has been expressed, consistent with the sublime, the more solemn expression of it in the Constitution of the State and of the nation. Thus there grow up the two sources of the ascertained will of the people, and the only two sources by which that will is ascertained.

Now I plead for one other thing only, and that is that as we are committed to the great doctrine of government by the people, that doctrine is not to be rung as changes in a political meeting, but to be talked of amongst bankers; because our institutions which you represent have been washed up on the shore by the great wave of public opinion, whether you consult it or agree with it or not. The great business upon which you are engaged to-day is to try to ascertain how and in what way these changes take place in your laws governing your business, and how the inscrutable processes of public opinion have brought it about, not always accurately, but you are committed to it. It is your doctrine. It belongs to us, and unless we are willing to enlighten and direct and guide, and be brave and honest in front of it we may as well abandon the project of our Government and turn it over to the mob at last. I complain of the conservatives. I am a conservative, but I complain of them and I have a right to complain of them, because, with the finest page of doctrines ever given to men to promulgate, with the finest creed ever written for men to support, with the finest argument ever put upon the lips of men to utter, with the most splendid resources to convince the world of the justice and stability of their cause, with every instrument in their hands for public education and public enlightenment, they have left the demagogues and the what-not go about the country and take judgment by default against them. One of my friends said he thought the conservatives had got too cowardly to fight and too fat to run. Conservatism is an affirmative doctrine and not an empty negation. Conservatism comprises all the admissible evidence which can be introduced to prove the cause of our present civilization. Conservatism refuses to discard experience and to accept experiment. Conservatism refuses to turn from the tried and tested things, and to follow, under the influence of a superheated imagination, the course of other men who would take us into untried fields. Conservatism is not something to make men retreat. It is something to make men attack. Conservatism is the affirmative doctrine of the civilization under which we live. Why, I said the other day that representative government was the finest example of human progress the world had ever seen, and a man said to me: "That is reactionary." I said: "What is reactionary?" He said: "The rule of the people is the progressive thing." I said: "The rule of the people? Do you mean that the people shall make the laws in the town meeting?" He said: "Yes." I said: "You mean that all the people shall gather together in some way and make the laws and run the Government?" "Well, yes, as far as they can." "And you call this progressive, and you call me a reactionary, because I believe in representative government. Do you know what you are? You are harking back to the exploded doctrine of Athens, and I am progressing to the illustrious service of the great statesmen of America who for the first time wrote that doctrine of representation into any government in the history of the world." He said again: "You are a reactionary, because you are asking the courts to hold that legislative acts are unconstitutional." "You say I am a reactionary; and how would you have it?" He said: "I would have it so that when the Legislature or Congress passes an act it would be the sovereign act of the will of

the people of the country." I said: "And what would become of your constitution?" "Oh, they will determine, whether it is according to the constitution or not." "And that you call progressive, and you call me a reactionary." Never until first you destroy that instrument fashioned by the genius of the early statesmen shall that great tribunal set up as the keynote of the arch of a great government be thrown down, never until we turn our backs on Madison of Virginia and Varnum of Kentucky and Marshall of Virginia and Wilson of Pennsylvania, and all the glorious minds who carved the very light of their genius upon the structure of our institutions, and finally determined that the Supreme Courts of the States and of the nation should ultimately determine the constitutionality of an act of Congress. Never since man set his foot upon the sands of time had it been dared to be suggested that such a doctrine could prevail; and yet I am called reactionary.

Gentlemen, the will of the people is your will and my will and the will of our neighbors and our brothers, high and low, rich and poor. The heart of the people of this nation is sound to the core. Men do not wish to do wrong in the majority. Men do not wish to inflict evils in the number. It is the exception. Men do not wish to have this Government go astray. It is the exception. There is in every man, native or foreign born, old and young, rich and poor, a spark which, if but once lighted, a flame which if but once burned, will continue to keep alive a blaze on all the altars of human liberty and just government. It behooves you, it behooves me, and every man who lives beneath our flag to preach the true doctrine of that American Government and the significance of its institution.

I have but one speech to make. I have almost made up my mind if I could make another, I would not; and that is to speak for nothing but the institutions of my country. I have but a short time to stay, as you have, in the transitory events of this world. Those who have gone before us have left their shafts white and beaming in the night. They have left their inscriptions written and carved against all the rain-washing influences of time. They have done it because they served their country. I believe with you and your homes in your own respective cities and towns, if you can but take the instruments that lie in your hands to spread the gospel of American institutions and American living and American learning and the doctrine which underlies our great Government, that service will surpass any of the public services which men can render who have been elevated to public office. Ours is a glorious country, made still more glorious as revealed in the full light of the cataclysm and conflagration of Europe. Ours is a country now in which it is a wonderful thing to be a sovereign, because somehow you feel that no man can take the sword in his hand unless that hand has been clasped to the sword by the common judgment of the common sense of mankind.

Believing so, I say that every man should constitute himself a missionary to make the country understand the questions which the country is to meet if, after all, we embark upon this great project with a minimum of one hundred millions of bleeding hearts and throbbing brains and aspiring and burning ambition. This republic is teeming with the energy and the glory of a great light.

As that influence is exercised, as it is stabilized and made strong, as men go out to tell the truth and as the world understands what the truth is, to that extent is our republic secure, and its security therefore rests with every man who has an agency in his hands for its education.

I hope, I believe, that the great century that is coming will, after all, so far as this side of the world is concerned, record a very resplendent reach of time in which liberty and peace ultimately—ultimately, because dictated by the judgment of mankind—will build their kingdoms in the hearts of men and will gather the harvest

of genius and toil in which Reason must strike from the hand of Force the sword of hate and take from the heart of the world the germs of grief, in which conscience must, after all, smite the thoughts of wrong and fill the mind with mercy's sweet refrain, in which under this great democratizing influence of ours we shall be lifted

to that place and follow that course towards which all the nations of the earth will look, marching down the era of time that illumines the pathway leading to destiny, beyond the reach of our poor impoverished vision, but happily within the province of God. I thank you.

The Case of the Lost Million.

By JAMES M. BECK of New York City, formerly Assistant Attorney-General of the United States.

Mr. President and Gentlemen of the American Bankers Association:

I suppose that in the first place a sense of curiosity may have been aroused by the announcement of your president as to the title of the address. I sincerely hope that I have not wakened any false expectations on the part of any member of this Association that somewhere in this present day there is a million lying loose which you could add to your deposits. The million to which I have reference belongs to an old standing and famous controversy that figured in the diplomatic intercourse of this country and which is closely interwoven with the earlier financial history of a new republic and indeed with the very conditions under which this great nation of ours became a sovereign State.

Perhaps I should apologize to this body for intruding on a serious convention with even an historic theme, but I did so upon the assumption that speaking as I was in the closing hour of the Convention, perhaps you would welcome something more than a mere abstruse discussion of some technical financial problem or some discussion of a politico-legal and therefore current interest. So far as the technical problems of finance are concerned, I am afraid that my position is very much that of Charles James Fox, the English statesman, who once admitted his ignorance of finance by saying that he had not the slightest idea what consols were except that they were something that were always going up or down, and that he generally preferred them to go down because he noticed that when they were depressed a similar state of mind characterized his great political rival, William Pitt.

Perhaps I could match that same story of ignorance on the part of a man in public life with a story that I heard some years ago. Perhaps I owe you an apology for introducing an historical subject with a story, but there is a distinguished member of Congress, now a member of the Senate, of whom it was told that in the days preceding the McKinley election he predicted from one end of the country to the other, wherever he appeared upon the rostrum, that there was some mysterious parity between wheat and silver, and that as silver went up wheat would go up and as silver went down wheat would go down; but after the election, unfortunately for his prediction—and he is not the only political prophet that has occasionally done that—wheat continued to rise and silver continued to fall. Meeting the Senator one day in a club a friend said: "How do you reconcile your prediction with subsequent events?" He said, "There is nothing inconsistent. Subsequent events absolutely demonstrated all I said upon the stand." His friend said, "Where is that wonderful parity between silver and wheat of which you spoke?" He said, "It is this: Don't you see that if wheat continues to rise and silver continues to fall they will be on a parity per bushel?"

Let us consider the situation at the beginning of the Revolution. That revolution was an act of sublime audacity. It is very hard for us to-day, in this hour of our acknowledged power and almost invincible strength, to appreciate that no reasoning man could, at the beginning

of the Revolution, regard as more than a remote possibility the triumph of our cause. So much was this the fact that, if we were able to take the utterances of the great leaders of the Revolution at the beginning of the struggle, we would find that there was hardly one who did not disclaim any purpose whatever of separation from the mother country.

The desperation of our cause was not due to the lack of fighting men. We had in this country, it is computed, about 2,100,000 white inhabitants, and, assuming that half of these were men, it left a homogeneous population, descendants of pathfinders and pioneers, men accustomed, for the most part, to the musket and to hardship. As a result, we had a population that ought to have been able to have placed in the field at least 50,000 men, and even with the meager facilities of transportation we would have been, if other things were equal, invincible to any force that England could send against us.

But apart from the fact, which we now in our patriotic pride are apt to ignore, that the people of the colonies were by no means agreed as to the policy of the Revolution, a very considerable proportion dissenting from it, and still another proportion adopting a shifting attitude of waiting for the issue of the struggle as it proceeded, there were then many other circumstances which we must take into consideration. We had at that time not a single manufactory of powder in this country. It had been the policy of the lords of trade which governed the colonies to strangle American industry, and as a result there was at the time the American farmers fired the first shot on the village green at Lexington, not a powder mill in the United States. There were, so far as can be accurately stated, only two manufacturers of muskets, and those painfully inadequate to carry on any campaign of even short duration. The result was that while at that first shot that went around the world, sixteen thousand men before that week was out had gathered at the gates of Boston and besieged Gates' army, yet they were not only without tents, and obliged to live in rude huts, constructed of sand and dirt; and without uniforms, but they did not have powder enough to last more than a few months.

The Massachusetts Committee of Safety made an accurate estimate of the existing supplies for the hastily improvised army, and here it is:

On April 19, 1775, the Committee could only count twelve field pieces, 21,000 firearms, 17,000 pounds of powder, 22,000 pounds of ball; and for food, 17,000 pounds of salt fish and 35,000 pounds of rice. Such was the destitution of the army in that which is the food of an army—namely, powder and shot.

As these statistics show there was barely a pound of powder apiece for each soldier, in a war that might last, as it did last, for years. So destitute were they in the wherewithal to fight, that Washington, when he assumed control at Cambridge, had kegs of sand labeled "powder" rolled into the camp in order to delude his soldiers into the apparent security that there was plenty of ammunition. That was the main reason why Washington's rap-

idly mobilized army of 16,000 minute men shrank nearly to 3,000 after his leaving the siege of Boston and was defeated in New York, and fled in orderly retreat into New Jersey. That was so plainly the fact that so great a man as Franklin—the wisest man in the eighteenth century—actually advocated the use of bows and arrows in order to fight the invader. While the idea was absurd in the extreme, it showed the desperation of the cause, that so great a man could gravely advocate that with bows and arrows and scythes and farming implements, they could face the trained grenadiers of the British army. And Washington—the great hearted, leonine, magnanimous Washington—greatest in soul of all men since the tide of time began—so clearly recognized the desperation of the cause that, to quote his own language, he says: "We must then retire to Augusta County in Virginia. Numbers will repair to us for safety, and we will try a predatory war. If overborne, we must cross the Allegheny Mountains." So that all that that man, whose courage seemingly never failed him, could see in the immediate prospect, was that there might be, as in the case of the Boers in South Africa, a great trek across the mountains into the unbroken wilderness.

It is recorded that men later went about the streets of Philadelphia and begged the pendulum off the clocks in order to turn them into lead bullets, and the remotest settler upon the outskirts of the wilderness would give up his powder horn in order that the few ounces of the indispensable commodity could be given to the general store, and some complained that they were left defenseless from the savage foe. Where could these brave men look for any relief? What probability was there that any nation would aid them? Remember that not only was England then the first power of the world, and no nation would without the greatest hesitation challenge that power by openly helping us; not only had we disclaimed any attempt to separate, and therefore any invasion by any foreign power would be as if England was to-day to interfere in our mining war in Colorado, or as if we would interfere in the present strife in Ulster. There was also this very substantial reason that France, as every other European country with the exception of Switzerland, was an absolute monarchy, and why should their governments encourage in the smallest degree our revolt against authority. How then, did it come that France, laying aside the prejudice against the English Colonial yeomen, who had climbed with Wolf and his English grenadiers the heights of Abraham and wrested the Canadian Empire from France, come to help us?

My client, may it please the court, Pierre Augustin Caron, was the first and most potent factor in reversing France's policy and making her our ally. Long before Franklin reached Paris, late in 1776, and before there was a suggestion of an open alliance—France was secretly helping us; but this was due to my client, for whose claim to gratitude I am pleading at the bar of this court. Caron was the son of a watchmaker in the city of Paris, and himself a watchmaker. He was not without education. His father was a man of intellectual force and varied accomplishments, and his four sisters were accomplished musicians. When the day was over, Caron, working as he did from seven in the morning until six at night, at the bench in the shop, the evenings were spent in literary work, and, especially in musical pleasures, in which all the family were proficient.

When young Caron, who received a very limited school education, was twenty-one years of age, he invented an improved escapement to a watch, which made it possible for watches to be made far smaller than had ever before been possible. In an imprudent moment he showed his invention to a rival watchmaker, and was surprised to find a few weeks later in the Journal of the Academy of Sciences of Paris the announcement of his invention made by his disloyal friend, as his own.

At a time when justice was administered with slight

regard for human rights, and frequently bought and sold, an unknown watchmaker of twenty-one would not have thought that he had very much opportunity for redress against his rival for stealing his invention. This young Caron was, however, a man of unusual attainments, and he wrote a memorial to the Academy of Sciences so cleverly worded that he not only persuaded them to look into the case, but, like Byron after writing Childe Harold, he awoke to find himself almost famous in a night. A committee of inquiry was appointed, which reported in favor of young Caron, and he thus won in his first contest a signal victory.

This probably suggested to his mind that possibly there might be a larger career for him than at the watchmaker's bench, and for this there was abundant reason. He was a man of more than ordinary personal beauty, of engaging presence, brilliant and witty in conversation, with a mind that even in his last days and during all his troubles never failed in effervescent gayety, and gifted with the pen to a degree so remarkable that his writings are to this day among the classics of French literature.

The day of the commoner was then dawning in France and penetrating even the court of Versailles, so Caron determined to try to climb the slippery ladder of court preferment. He went to court at Versailles, Louis XV. being King, and opened his career by presenting the King with a watch, and followed this up by presenting the King's reigning favorite, the Marquise de Pompadour, with a watch so tiny that she could wear it as a ring upon her finger. She and the King were so delighted that they gave the young watchmaker an audience, and, presuming on this familiarity with the court, he assumed the title of watchmaker to the King.

With this first start he waited an opportunity for a larger field of usefulness. Louis XV. had four daughters that were very fond of music, and young Caron could play, with a great deal of proficiency, the flute, violin, and also an instrument that was comparatively new in France, the harp. When the young princesses heard that, they sent for Caron, and asked him whether he would not teach them to play the harp, and thereby he became for the princesses a kind of *arbitrator elegantiarum*, a kind of purveyor to the royal pleasures of the young ladies, and whatever they desired to arrange in the way of social pleasure of any kind, or in the matter of studies, was arranged through young Caron, although he was simply a commoner.

Then, looking about for further opportunity, he found it in the wife of an officer in the court, who was known as the clerk of the King's kitchen. As you may remember, Louis XV, as his father, the so-called Sun King, always dined in public. The result was that the serving of the table was a pompous ceremony—two guards went ahead, and then came the comptroller of the King's kitchen, and then various lackeys with swords to their sides, and thus a little army, accompanied the King's roast until placed safely upon the royal table. On the death of this clerk of the kitchen, Caron married his widow and gained the late husband's position.

At that time he was a comparatively poor man, and to live in a court as luxurious and profligate as that required a considerable expenditure of money. It so happened that there was at that time a rich contractor named Duverney, an army contractor and banker, who had made a great fortune. Duverney, following in the manner of a great many financiers of the present day, determined to build a philanthropic institution that would attest his public spirit, and so he built on the Champ de Mars, where you could see it to-day, if you were so fortunate or unfortunate as to get into Paris under present conditions, a military school. He was very anxious to have Louis XV. give his school the prestige of a royal visit, but the indolent and luxurious King refused to do so. Finally Duverney heard of this resourceful Caron who was making such marked headway

at court, and he enlisted his good offices to arrange the royal visit. Caron took it up first with the princesses, induced them to visit the school, and then influenced them to ask their royal father to do so; so that finally Louis, accompanied by the more intimate members of his family, made a visit of state to the Duverney school.

Duverney was so pleased with Caron's resourcefulness that he took him into partnership, and young Caron rapidly became rich, in the manner of those days, when army contracts were enormously swollen with inordinate profits.

In the court, where almost every man had noble blood in his veins, Caron was naturally subject to all manner of insults, and was not liked by many because he was a commoner. It was still regarded as the height of presumption for a commoner to penetrate within the sacred precincts of that court. On one occasion a group of courtiers wanting to insult him, one of them took out his watch and said: "Will you be good enough to repair my watch? It is out of order." Caron, knowing that the man intended to insult him, said: "Be it so; but I have not practised my art as a watchmaker for several years. I fear I have grown somewhat awkward, but I will try." He then deliberately let it drop, and it broke into a thousand pieces, whereupon, bowing sardonically to the courtier, he walked away.

Another courtier, who was an expert swordsman, challenged him to a duel, and it illustrates the fine chivalry that existed even in that most profligate period, that, after this man deliberately picked a quarrel with Caron and agreed to fight in a lonely part of the royal forest, without seconds or witnesses, because of the strictness of the laws against the duelling in France, that after Caron had run his challenger through the breast and saw blood gushing from his wounds, he was sure, as the man was sure and as it proved, that it would be fatal, and the man told him to fly, inasmuch as it meant almost certain punishment in the Bastille for Caron, Caron refused to do that without first trying to send this man succor, even at the possible expense of his liberty. He went to the nearest town, aroused the surgeon in the middle of the night and told him where he would find this wounded man and then betook himself to Paris, in order to determine what his next step would be. The man lingered for nine days, and although he was pressed by all his family and friends to reveal the man who had given him the fatal wound, he died with it a secret. The fine chivalry of this dying man thus protected Caron from punishment. Caron, not knowing this, finally determined to go back to court and face the music. He went to the princesses, whose closest friend he was, and told them the difficulty he was in. They spoke to Louis XV., who, in his indolent way, said: "Oh, well, arrange it anyway you please, only do not let me know anything about it." The result was Caron escaped any punishment.

Now comes the second great contest in Caron's life that gives him interest as a litigant. You will find here, gentlemen, an article to the judiciary that is not only famous in the history of France, but which perhaps never had an equal, considering the unequal odds against which Caron pleaded.

I should first explain that Caron, having bought a fictitious title, had assumed the name by which he is best known in history. Henceforth he was Pierre Augustin Caron de Beaumarchais, and he is now known in the history of the stage and literature simply as Beaumarchais.

His partner, Duverney, having died, leaving a nephew, whom Caron had befriended and whom Duverney had disinherited, and another nephew to whom the estate was bequeathed, who therefore had a great grudge against Caron and who was a very influential man in the French court. His name was Count de la Blache. Upon his uncle's death de la Blache alleged that Caron was indebted to his uncle's estate, and Caron produced

a receipt which showed that, far from owing Duverney's estate anything, there had been a mutual cancellation of debits and credits, and in point of fact the Duverney estate owed him about 15,000 francs.

La Blache charged that the instrument was a forgery, and instituted a suit against Beaumarchais to cancel the document as fraudulent and forged, and to recover a very large sum of money. Beaumarchais took up the litigation, and in the court of first instance he secured a judgment in his favor, but an appeal was taken to the highest court in Paris, known as the Parliament of Paris. That Parliament had a sinister name, because it had been recently constituted. The old Parliament of Paris was one of twelve similar Parliaments, having both legislative and judicial duties, and it was the only organ through which the voice of the people could reach the court. But under Louis XIV. the Parliaments were rarely called into session except for judicial purposes, and when Louis XV. became King, he became so annoyed and embarrassed by the occasional complaints that welled up from the submerged people through the Parliament de Paris, that shortly before the Duverney suit he had abolished the old Parlement de Paris and substituted for it by a Parliament constituted by his own royal minions. This was called *Meaupeau Parlement*. It was the custom of that time for the Parlement to delegate one judge, called a reporter, to whom the litigants came successively, and had personal interviews, but in addition to these personal interviews and investigations, such controversies were conducted by a kind of trial by newspaper or pamphlet in the form of so-called memorials, which passed from litigant to litigant, and which sometimes attracted public attention, especially when they were well written.

Beaumarchais thus found himself face to face upon this appeal before a corrupt court, the *Meaupeau Parlement*, against an antagonist who stood very high in the French court, and had behind him the prestige of the Duverney millions.

Beaumarchais lived in a period when justice, as I have already said, was as freely bought and sold as any commodity. The Court of France was a court constituted by the minions of the King. Beaumarchais was told that it would be impossible to have a personal interview with the judge whom the court had delegated as reporter, whose name was Goezman, unless he would first pay to the judge's wife 200 louis and give an extra 15 louis for the judge's secretary. While it may shock us—and I am not trying to justify Beaumarchais, for under the customs of the times bribery was a common occurrence in France, and that was the only way to get the interview—he gave to Madame Goezman the 200 louis and the extra 15 louis for the secretary. Then he had his interview with Goezman, and two days later Goezman decided the case against him and held that the receipt given, if not technically a forgery, was nevertheless a spurious document, which meant social ruin to him.

With that the frail lady of the judge, possibly scenting danger, returned to him the 200 louis, but failed to return the 15 louis, on the ground that she had not received it but the judge's secretary had. Beaumarchais then went to the judge's secretary and asked him whether he had received the 15 louis. The secretary replied that he had not. Thereupon the resourceful Beaumarchais sent a demand to the judge and his wife, demanding the immediate return of the 15 louis or he would make trouble; and the judge, knowing that he was now in danger, felt that the surest way was to openly face the charge, and he went before his brother judges of the *Meaupeau Parlement*, upon whose fidelity to him he felt that he could count, and charged Beaumarchais not only with being the forger of the Duverney receipt, but also the briber of a judge, and Beaumarchais was obliged to face that added charge.

There was not a lawyer in Paris who would defend

him, because the aristocracy and the Parlement de Paris were behind the corrupt régime; but Beaumarchais placed his reliance in that which was becoming a new force in French society. He had public opinion against the whole Meaupeau Parlement, and without stopping to count the cost he commenced to launch against the whole Meaupeau Parlement a series of charges, just as Zola impeached, in our time, the military tribunals, and, as we will see, with the same result. He used philippic after philippic against the French judicial system, and showed its unquestionable corruption, and as a result of his efforts all Europe became tremendously interested in his mighty struggle. Each memorial was succeeded by another with more biting wit and sarcasm, in which this man, with his back to the wall and no advocate to defend him, simply branded his accusers and judge with judicial infamy, and finally, as I have said, all Europe was stirred with the excitement caused by the Beaumarchais trial. As a consequence when, after seven months of these attacks and counter-attacks, it was announced that the Meaupeau Parlement would render its decision, all Paris was on tiptoe to learn what the Meaupeau Parlement would do with the problem they had before them. It was no longer Beaumarchais who was on trial. It was the highest court in France.

A great crowd gathered around the court room. Finally the judges tried to solve the difficulty by one of those judicial compromises which have rarely been effective in the history of litigation. Upon the whole, their decision was not unreasonable. They condemned Goezman, their colleague, *au blame*—that is, to be dismissed from the bench. They condemned him and his wife to civic degradation. This carried with it absolute incapacity to hold any public office, and ordinarily it would have meant social ruin to Beaumarchais, he being likewise condemned to civic degradation.

When Beaumarchais came out of the court room, it being the procedure of the time that he had to go down on his knees before the court and have this terrible degradation inflicted upon him, the great crowd cheered him with enthusiasm; and as the judges came out they were hooted and hunted to their very doors until, as was subsequently said by, I think Louis XV., when one of the judges complained to him that they could not go to court without molestation, and Louis XV. said, "Well, you had better go in dominoes."

Thus Beaumarchais became for the time being the most talked of man of his day, supplanting in popularity men like Voltaire and Rousseau, who had sowed the seeds of public liberty by their previous writings. A man so useful as this was not going to long remain in the shadow. Louis XV. had far too much need of him.

In the meantime Beaumarchais had reached the conclusion that another effective way to destroy a rotten institution was through the stage, and for this purpose he wrote a comedy, of which all of us have heard, and to which some of us have listened in the form of an opera. He wrote *Le Barbier de Seville*. Having lived for a short time in Spain he had acquired some knowledge of the Spanish character, and in the characters of the comedy, in Rosina, and above all, in the character of Figaro—Figaro being his mask, because Beaumarchais himself was the witty, resourceful, irrepressible, Figaro from the beginning to the end of his life—he presented so directly and plainly in his comedy his own struggle for justice that the censor at first refused to allow it to go on. However, after several years of adverse action by the censor, it was finally produced in 1775, amid universal *eclat*, and it simply pilloried not merely the judiciary of France, but the court itself, so that he became, although an *attache* of the court, the rising genius of the French democracy.

Louis XV. next determined to employ him in the secret service. There having appeared in London a brochure, being a scandalous account of the then reigning favorite, the Countess Du Barry, and Louis XV. having vainly in-

sisted on the extradition of Charles Theveneau de Morande, the author, the English publisher, or, rather, an exiled French publisher of the book containing those revelations about Madame Du Barry, the King accordingly determined to utilize Beaumarchais. He sent for him, and told him that if he were able to accomplish this task, that the King would remember it by wiping out this sentence of civic degradation. So Beaumarchais crossed to England, found this man, and in a short time did what no one else had been able to do—secured every copy and burned them in a lime kiln near London, and returned to Paris with the joyful news, only to find that Louis XV. had died during his absence.

Louis XVI. having ascended the throne, another publication was made in Amsterdam, not so much a libel as a political document of grave import against Marie Antoinette, accusing her of not being able to give France an heir. Louis XVI., remembering the success of Beaumarchais in the Du Barry episode, sent him to Amsterdam to suppress this book. Beaumarchais went there, made his contract with the publisher, and, as he thought, obtained every copy. He paid the money and destroyed the copies and was returning to France when he learned that the rascally bookseller had kept one copy and was on his way to Germany, apparently to republish it, a course that the blackmailer nearly always follows. Beaumarchais hastily pursued this man and at last caught up with him near Nuremberg. He threw him from his horse and rescued from his satchel the last copy. Then, fearing that perhaps there might be some other copy in the printing shops of Nuremberg, which were then so justly famous, he determined to go on to Vienna and to see Marie Antoinette's mother, Marie Theresa, and have her take immediate and summary steps to stop the republication. He reached Vienna and obtained an audience with the Empress. His passports were in an assumed name, and Marie Theresa could not believe that he was the famous Beaumarchais, the author of *Le Barbier de Seville*, and as a result he was thrown into prison and remained there until a month later, when the word came from Louis XVI. that this was indeed the famous Beaumarchais; whereupon the Austrian Government released him with apologies, and he returned in disgust to Paris.

On his return a third secret mission was given to him. There happened to be at that time a curious character by the name of Chevalier d'Eon. For forty-five years he had been known as a man, but he suddenly assumed the attire of a woman and played the part so well that all Europe became interested in the question of his real sex. Many contended that he was a man and some that he was a woman. Chevalier d'Eon, whether man or woman, had secured a number of confidential state documents which he had obtained when, as a man, he had represented France in the diplomatic service, which documents the French Government was very anxious to secure.

Accordingly Beaumarchais, the ever resourceful, was sent again to England in order to get those papers. It was in September, 1775, about five months after Lexington, and among the men Beaumarchais met in his confidential mission was John Wilkes, the radical Lord Mayor of London, and the center of the revolutionary element in England.

Beaumarchais met at Wilkes' house men of kindred sympathies and the radical spirits of the time. Among them was Arthur Lee of Virginia. He had been a law student in the Temple, and when Benjamin Franklin had to return to America and had given up his position as agent for the colonies, he asked Arthur Lee, although only a law student, to represent the cause of the colonies in his absence. Arthur Lee, as such representative, met Beaumarchais, and Beaumarchais and he frequently discussed the opportunity which this situation in America presented to France to discomfort England, and Arthur Lee, as Beaumarchais afterward claimed, told him that if he could obtain any assistance in the matter of powder

and shot and guns for the American colonies, that the colonies, if they were ever established as a free nation, would give to France a monopoly of commerce for a period of years such as England then enjoyed. Beaumarchais quickly appreciated this unique opportunity for France to humiliate her ancient foe and gain for herself substantial material advantages. He suddenly crossed the Channel and returned to Versailles and in his capacity as secret diplomatic agent of the King he obtained access to the King's royal cabinet, and there put before the King substantially this proposition: He admitted that France could not then openly champion the cause of the colonies. "But," he said, "let us give aid to them secretly, and if your majesty will give me the necessary means I will be responsible for their disbursement in obtaining arms and ammunition for the colonies, and it can take the form of a commercial undertaking, the colonies to return to me in payment tobacco, indigo and rice."

Thus, as early as September, 1775, and long before Franklin reached Paris and before our fathers had the slightest idea that France was going to help us, Beaumarchais had laid his plans and those of France to give us secret, but substantial, aid. As a result, on June 10, 1776, Beaumarchais received from the French Government a receipt upon which the case of The Lost Million, as it subsequently developed in our diplomatic history, turned. I want to read the receipt, because if my subject has any legal aspect at all, it will have it in the wording of the receipt. Let me resume the fiction that I am addressing a court. May it please your Honors in this document which I now produce, dated Paris, June 10, 1776, Pierre Augustin Caron de Beaumarchais signs this receipt: "Received from M. Duvergier, in conformity with the orders of M. de Vergennes, dated the 5th instant, which I have handed to him, the sum of one million, of which I am to render an account to the said Sieur Comte de Vergennes."

"CARON DE BEAUMARCHAIS.

"Good for a Million of livres tournois.

"PARIS, June 10, 1776."

Beaumarchais also obtained an equal loan from Spain, which was then an ally of France, which was first paid into the French treasury to conceal its source, and then paid to Beaumarchais and he gave the same receipt, acknowledging receipt for which he would account to Vergennes, and with those two million livres he opened a commercial house under the fictitious name of Rodrigue Hortalez & Cie. Before 1777 he had purchased arms, ammunition, clothing, tents and guns for an army of 25,000 men; had not only transported them in his own chartered vessels and in the face of the English cruisers that swarmed the seas across the Atlantic, but before the campaign of 1777 began, he had sent two hundred cannons and two hundred and fifty thousand rounds of ammunition. DeKalb, Pulaski, Steuben and many others were employed by Beaumarchais as mercenaries to come to our country and give benefit of their military experience. Vergennes in substance said to Beaumarchais: "We will give you secretly these two million francs, but no one must ever know it. We are not prepared to quarrel with England. If you ever allow the secret to be discovered, we will disavow you. If it becomes necessary we will stop the ships from leaving France. We will repudiate any possible agreement with you. Therefore, it must take the form of a commercial venture, at your risk and subject to our repudiating you, if it becomes necessary."

When Silas Deane, sent over by the colonies as the first representative in France, reached Paris in August, 1776, he first paid his respects to Comte de Vergennes, and asked him whether there was any way in which our armies literally starving for want of powder and shot, could obtain a loan from the French arsenals. The great foreign minister replied: "France cannot help you at all. We will not in any way countenance any violation

of our neutrality obligation with England." But as Deane was about to pass out of the count's office, the Comte de Vergennes said: "There is a Spanish merchant who trades under the name of Rodrigue Hortalez & Cie. Possibly it might pay you, Mr. Deane, to go to him." Deane took the hint, and went down to the Hotel de Hollande, and found Beaumarchais, and asked him if he was the head of the house. He said, "Yes, I am the head of Rodrigue Hortalez & Cie, and I shall be most happy indeed to send over to the colonies cargo after cargo of whatever you need, with officers to man the guns, provided that you will ship back to us tobacco, indigo, and rice in payment." Of course, the colonists had no currency with which to pay. Thus an agreement was made between Hortalez & Cie, and Silas Deane for the shipment, and on the faith of this agreement Beaumarchais commenced his shipments which he had bought from the arsenals of France and awaited the agreed upon payments. Unfortunately, Arthur Lee, who was a veritable marplot, sent word to the Continental Congress that, although Beaumarchais's remark to Deane was that these cargoes of ammunition were sent as an ordinary commercial speculation, yet, as a matter of fact, that was merely a blind, and that these shipments were an absolute gift on the part of France, and that nothing whatever should be shipped back to Beaumarchais against the shipments made by him. Meanwhile Le Beaumarchais, in addition to these two millions had enlisted a great deal of private capital in his commercial house, and it was absolutely essential, as he had to account not merely to his creditors, but to the Government for his expenditures, that he should get payment from the Continental Congress. Two years and six months passed and no payment came, and not only was he in despair, but was almost facing financial ruin. To bring matters to an issue, Beaumarchais sent an agent by the name of De Francy to Philadelphia to insist that not another cargo should leave France unless Congress made some payment on account; the Committee of Congress replied that there was to be no payment, and asserted an understanding that the shipments were a free gift from the King of France. De Francy speedily undeceived them. Accordingly, Congress instructed Franklin, who by that time had arrived in Paris, to ask Vergennes whether or not it was a gift, and the minister told Franklin that he could tell the Continental Congress that the French King had nothing whatever to do with it; that the French King had given nothing toward these shipments of arms and ammunition, which, in a technical sense, was true. He had given nothing. He had simply loaned it to Beaumarchais to be accounted for to Vergennes. The Continental Congress then paid a small sum on account, and was about to liquidate the balance, when, in 1783, we asked France—the open treaty alliance having been signed, and there being no further need for subterfuge—for an open loan of 6,000,000 more livres, and the French Government drew up a contract in which, for purposes of accuracy, they stipulated just exactly what we had received by way of gift, and what we had received by way of loans, and in this they recited that, before 1778, his Christian Majesty, the King of France, had given to the colonies as a free gift three million of livres, and after that date he had given them six millions, and had loaned them quite independent of these gifts several millions more. When Congress read that treaty they remembered that they had received two millions, because Franklin had in 1778 received two millions from Vergennes independent of Beaumarchais's two millions, in order that Franklin could support his embassy at Passy. When the treaty said we had been given three million pounds, Congress not unnaturally asked: "Where is the third million?" It is now known beyond dispute that the missing million was, in fact, the one given to Beaumarchais. Our forefathers suspected this, and not knowing the form of the receipt which Beaumarchais had

given to Vergennes, or the nature of this secret transaction, they naturally again believed that Deane's contract to pay for the supplies in tobacco, indigo, and rice was merely a fraud on England, and that Beaumarchais was attempting to collect from them the value of a free gift. They asked him the question whether or not that million had not been given directly to him for their benefit. He said, "No, not at all." He had to equivocate somewhat, because he had accepted this as a secret service fund from the King, and the King's honor was pledged in a certain sense to England that his Government had not, prior to the open alliance in 1778, given help to the colonies. Therefore, the mission having been an exceptionally confidential one, Beaumarchais could not, without the permission of the French King, reveal the fact that this million was, in point of fact, a subsidy, when his royal master and his immediate superior, the French foreign minister repudiated the suggestion that the third million was the million given on June 10, 1776, to Beaumarchais.

He had by this time assisted the American Government to the extent of over five millions of livres in arms and ammunition, and of this he received until his death only a small fraction. Despairing of this debt ever being paid by our country, he resumed his varied work as a financier and dramatic author, poet, speculator, diplomat, and secret service spy, because he was one of those extraordinarily versatile men in which the eighteenth century, as the sixteenth, was so extraordinarily productive, and which seemed to have passed away in this industrial age, where everything is specialized.

He determined to write a successor to "The Barber de Seville," and he would call it "The Marriage of Figaro" ("le Mariage de Figaro"), and just as Shakespeare, to please Elizabeth, wrote "The Merry Wives of Windsor," showing John Falstaff in love, so Beaumarchais determined to show Figaro in love. But his real purpose was deeper and very radical. His target was this time much higher than the corrupt judiciary of France; this time it was the royal court itself, and the whole system of hereditary privilege. When the play was first submitted to the censor he said he would not tolerate it for a moment. Great pressure was brought upon Louis XVI. to have the play produced, and finally the King agreed to hear it read, and you will find in the Memoirs of Madame de Campan that she read it to the King, and when they reached Figaro's monologue in the third act, where he attacks the very foundation of the ancient régime, the King sprang up and said: "You might as well tear down the Bastille as to permit such a play to be produced." Beaumarchais was a good deal of a Barnum, and he knew perfectly well, as he had made Figaro say, that the surest way to make a thing popular is to try and suppress it. So he simply read it in manuscript in the aristocratic salons, such as that of Madame de Lambelle, that unfortunate woman, who, you remember, in the first attack on the Tuilleries had her head cut off and put upon a pike and held up before Marie Antoinette as she stood at the grilled window of her prison. It was read in her salon and in many other salons in Versailles to the representatives of that chivalry of France which he was laughingly hunting to its death. Beaumarchais, far more than any of the liberty-loving philosophers that preceded him, literally laughed away the French monarchy, and I have the highest authority for that—I have the authority of Napoleon Bonaparte, because Bonaparte said that the Memoirs of Beaumarchais in the Goetzman trial, his Barber of Seville, and his Marriage de Figaro were the French Revolution in action.

He wrote it in 1781, and for three years the King would not withdraw his royal interdict, and Beaumarchais simply kept it in his desk, giving occasional readings of it in private houses. Finally, the pressure became so great upon the King that, to please Marie Antoinette, he agreed that it should be produced in a small and

insignificant theater of Paris. When that became known the crowd was so great that it was an historical event in the French stage. The auditorium was crowded to suffocation with the most eminent and powerful people of France to hear a play about which everybody had been hearing for three or four years. Just as the curtain was about to go up—it was a hot day, so that they were almost suffocating—Beaumarchais, with his cane, deliberately broke the windows to let in the air. Just as the curtain was going up, a royal guard came across the stage and held up his sword and said: "By order of His Majesty the King, this play is not to be produced here or anywhere, now or at any time." Then arose something never before known in France—at least rarely if ever known before, in such an audience. The titled auditors sprang to their feet crying, "Tyranny, oppression!" and thus insulted the messenger of the King. Beaumarchais merely said, "Very well, my play goes back to its portfolio," and he continued to read it in many private homes. Finally, Louis XVI, a rather vacillating monarch, agreed to let it be produced. The great night came when it was to be produced in Paris. The crowd—almost a mob—gathered in the dawn of the preceding morning and waited patiently the whole day for the night to come. Titled ladies of the most exclusive circles slept in the actresses' rooms in order to be sure of a seat. They bought their tables and food to eat into the private boxes. The great crowd gathered about the iron grating that stood outside the theater, and finally the mighty crowd in its impatience surged forward and broke down the iron fence and sprang toward the doors of the theatre; three people were suffocated in the melee. Finally, in the twinkling of an eye, the theatre was filled and "The Marriage of Figaro" was thus, in 1784, given for the first time. It ran for three hundred nights, a thing absolutely unprecedented at that time, and Beaumarchais gave his share of the royalties to a hospital for nursing mothers, which, of course, added very much to his fame and popularity. The Comte de Provence had been one of the most insistent that the play should not be produced, and shortly after the premier of "The Marriage de Figaro" the Comte made a bitter attack on the triumphant dramatist. Beaumarchais, who could never repress a witty saying, even if the object of it was of royal blood, replied to the attack by saying in substance: "What! Shall I, who have fought with lions and tigers, now waste my remarks on a louse?" The Comte de Provence indignantly went to the King and said, "This infamous man is calling your majesty a tiger." Louis XVI. was playing cards, and he took up the three of spades, according to an authenticated memoir, and wrote down on the spur of the moment, "Send Beaumarchais to St. Lazare." That was not the Bastille, where the political prisoners were imprisoned. It was the most loathsome jail in Paris, where degenerates were imprisoned. This man of fifty-two years of age, then the most splendid figure in the literature of his country, and who had rendered a thousand services to France and signal service to Louis XVI., was thus taken from his family and home and consigned to this loathsome jail. The first day Paris woke up and characteristically laughed. "Figaro in prison." A great joke. The second day they said, "What? Whose liberty is safe in France to-day?" The third day it became a rising, sullen murmur. Finally, word reached the King that there was danger of an uprising in France if this distinguished poet and dramatist was not released. Louis XVI., who was at heart one of the kindest of men—and what irony that this kind-hearted and generally just king should have expiated with his head the mistakes of his predecessors—made up his mind that he had done wrong, and he sent an order to release him. Beaumarchais, when the message of the King was delivered, said: "I will not stir from here until I know the charge that was made against me," because he was in ignorance of the cause of his detention. They came back to him

and said: "You are charged with having insulted his majesty by likening him to a lion." Beaumarchais sarcastically replied, "Is it an insult for the King's most loyal subject to liken him to a lion?"

Beaumarchais was then released, and Louis XVI., in partial expiation for his treatment of Beaumarchais, immediately commanded a special performance of *Figaro*, and ordered every one of his cabinet to attend it; even permitted a little later a performance at the Trianon of the *Marriage de Figaro*, in which Marie Antoinette played the part of Rosina and the Comte d'Artois the part of Count Almaviva, and he invited Beaumarchais to be the special guest of the court to see the Queen of France and daughter of Maria Theresa tread the boards of the theatre and play the part of the vivacious Spanish flirt. Could royal self-abasement go further? Napoleon boasted that he had given Talma an audience of kings and emperors, but Beaumarchais could claim that he staged his play with royal actors and actresses and was himself the audience.

The rest of Beaumarchais's stormy life can be very quickly sketched. Having spent his life in controversy, and having a sharp tongue, he was almost continually in a fight. He never lost his good humor and never attacked a man unless he was attacked, and he was always generous to a fallen foe. His papers after his death contained promissory notes aggregating 900,000 francs, of actors, authors, politicians, nobles and commoners to whom he had loaned money from time to time, many of them men who had been his personal enemies. He was most generous in his disposition, whatever his other personal faults.

In the meantime, the revolution broke with volcanic violence. Members of the convention, headed by Danton, Marat and Robespierre, knew that there were 75,000 muskets in Holland and wanted to get them, and they sent Beaumarchais to get them. He agreed to do it. They gave him 500,000 francs in assignats, but made him put up, as collateral for the success of his attempt, 750,000 francs of money that passed current. Beaumarchais went to Holland, and had to work very secretly, because England was attempting to find out where those arms were and to confiscate them if they were the property of the French nation. While in Holland in 1798 the Committee of Public Safety made up its mind that Beaumarchais was a secret royalist, proscribed him and confiscated his beautiful home near the site of the Bastille. What a situation! An exile, minus his 750,000 francs, his wife and daughter thrown into prison, and daily awaiting, probably, that said procession to the Place de la Concorde, where heads were falling by hundreds into the basket, and he in Holland, unable to help them, knowing if he came to Paris he would almost certainly lose his head. He, however, returned to Paris, attended a meeting of the Committee of Public Safety, and defended himself in a spirited speech, in which he ridiculed the personal appearance of Marat, and asked who Marat was to assail him, citizen Beaumarchais, who had done so much for French liberty. The Committee of Safety, war having at that time broken out between France and several European countries, felt that France needed Beaumarchais's services more than his head, and sent him back to Holland to recover the arms. He returned to Holland and had arranged by devious ways to get those guns for the French Government, when suddenly the Committee of Safety again proscribed him, confiscated his fortune and he remained an exile until Napoleon planted his guns upon the steps of the St. Roch, ended mob rule in France and brought law and order again into this unhappy country.

It only remains for me to tell you what became of "The Lost Million." I have sketched briefly and very inadequately Beaumarchais's career. Certainly Dumas never wrote anything more romantic than the sober facts

that I have had the pleasure of relating to you in the most cursory way.

Beaumarchais had assured the Continental Congress that his demand for five million francs—call it one million dollars—spent for ammunition and guns was not a gift, but was a sale, and that it was ruining him not to receive what was due him. Although Congress had previously assured him that it would pay, it nevertheless, after its usual custom, failed to pay, to his great embarrassment. While an exile at Hamburg, and practically ruined, he wrote a pathetic letter to our Congress, which I want to read to you, because it gives an idea of his style, as well as points the pathos of this story:

"Americans, I served you with untiring zeal. I have thus far received no return for this but vexations and disappointment, and I die your creditor. On leaving this world, I have to ask you to give what you owe me to my daughter as a dowry. When I am gone, she will, perhaps, have nothing, on account of other wrongs against which I can no longer contend. Through your delay in discharging my claims, Providence may have intended to provide her with a resource against other destitutions. Adopt her after my death as a worthy child of the country. Her mother and my widow, equally unfortunate, will conduct her to you. Regard her as the daughter of a citizen. * * * Americans * * * be charitable to your friend, to one whose accumulated services have been recompensed in no other way! Date obolum Belesario."

He died without the slightest recognition of his claim.

In 1778, after Louis XVI. had given his assurance that the million of June 10, 1776, the receipt for which I read to you, had not been given by the King to Beaumarchais, which was a diplomatic falsehood, the American Congress persisted in thinking that it was a gift. In 1794, when there came a lull in the political storm, Congress instructed our Minister in Paris to request information as to when the missing million had been given to our country, credit for which the French Government had claimed. The French Foreign Minister then advised our representative that the million in question had been given on June 10, 1776, to Beaumarchais. This naturally confirmed the suspicion of Congress that Beaumarchais was attempting to defraud this country. Congress claimed that this million was given to Beaumarchais for our benefit, and therefore deducted it from the balance of his account of 3,600,000 livres. You would have thought that our country, having had such signal benefits from this man, who, mark you, had hazarded every one of the forty ships he employed, and had run the gauntlet of the guns of the English navy, would have paid it without "looking a gift horse in the mouth;" but instead Congress refused either to adjust the question of the lost million, or to pay him the remainder of his claim. Taking the disputed items as a pretext, it refused to make any adjustment. In 1785 it did instruct our Consul General in Paris, Mr. Barclay, to make another examination of the account against which Beaumarchais for nearly a year protested, and as a result of such examination, while the claim was somewhat reduced by our consular representative, it still left, independent of the missing million, a large balance in Beaumarchais's favor. Although he was then in sore need of the money, Congress turned a deaf ear to all his entreaties. In 1787 he addressed the following letter to the President of Congress:

"What do you suppose is the general opinion here of the vicious circle in which you have involved me? We will not reimburse M. de Beaumarchais until his accounts are adjusted by us, and we will not adjust his accounts so as not to pay them. With a nation that has become a powerful sovereign, gratitude may be a simple virtue unworthy of its policy; but no government can be relieved from doing justice and of discharging its debts. I venture to hope, sir, that, impressed by the importance of this matter and the soundness of my reasoning, you will oblige me with an official reply, stating what decision the honorable Congress will come to, either to promptly adjust my accounts and settle them, like any equitable sovereign, or submit the points in dispute to arbiters in Europe with regard to insurance and commissions as M. Barclay had the honor of proposing to you in 1785, or, finally, to let me know without further shift that American sovereigns, unmind-

ful of past services, deny me justice. I shall then adopt such measures as seem best for my despised interests and my wounded honor, without lacking in the profound respect with which I am, sir, the very humble servant of the general Congress and yourself, Monsieur le President.

"Caron de Beaumarchais."

In this letter, which I have only quoted in part, he agreed to submit the disputed question to any arbitrator with the single exception of his inveterate enemy, Arthur Lee, and our Congress actually had the indecency in reply to appoint Arthur Lee to make a further investigation. That envious, suspicious and vindictive marplot revised the figures with such obvious want of fairness that he actually brought Beaumarchais into debt to the United States to the amount of 1,800,000 francs. This report was such a shocking travesty on fair play that Alexander Hamilton, then being Secretary of the Treasury, ordered another investigation, which resulted in finding that the United States did owe to Beaumarchais the sum of 2,800,000 francs, provided that he was entitled to the lost million, and 1,800,000 francs if the lost million properly belonged to our Government. Still our country refused to pay, and Beaumarchais died in 1799 without having received even so much of his claim as our country did not dispute. In 1816, in a spasm of virtue, our Government said, through Mr. Gallatin, to the French Foreign Minister, that was the most decent thing we did in the whole matter: "If you will give us your personal assurance that from your own investigation of this account that the disputed million was not given to Beaumarchais as a gift to us, and was not used by him in the purchase of military supplies, for which his estate is now charging us, the United States Government will make no further contest, but will accept the million as a debt, and settle the rest of the account."

Thereupon the French Foreign Minister replied that, while it was true that the million in question had been given to Beaumarchais, yet it was not given for arms and ammunition, but that it was a "mystere de cabinet," and given to Beaumarchais for secret political purposes, and that, in any event, the French Government was on solid ground, for which his estate was accountable to the French Government. Our Government refused to accept that explanation as satisfactory, and insisted with a great deal of force in a strong diplomatic communication to Mr. Gallatin that, as this million dollars had been paid to Beaumarchais for our use, and the French had included it in the three millions as gifts, it must be so treated. That the bailee had a duty not only to the bailor, but to the beneficiary, for whom the bailee had given the sum of money. On the other hand, the French Government said that Beaumarchais's accounts in the seven years with the French Government, showed that he had received 21,000,000 livres, and that thereafter there had been a cancellation of accounts between the French Government and Beaumarchais, and they suggested, rather than stated, that Beaumarchais, in settling the account with the French Government, had been charged with this lost million.

The dispute was not settled until Andrew Jackson—"Good Old Hickory"—became President of the United States, and he cut the gordian knot in a way which almost brought on war between France and the United States. You will remember that after Napoleon became First Consul, and the French fleets had swept our commerce from the seas, we preferred against the French Government the so-called French spoliation claims for \$5,000,000 or 25,000,000 francs. Andrew Jackson determined to force a settlement of these claims, and instructed our minister, Mr. Livingstone, in Paris, to negotiate a treaty to that effect, and without any diplomatic delay. Livingstone finally secured a treaty, under

which it was agreed that the French would pay five million dollars for the relief of our citizens, provided that France could deduct, for the heirs of Rochambeau and the estate of Beaumarchais, a sum, in the latter case, 800,000 francs. Beaumarchais's claim was 3,800,000 francs, and as found by Alexander Hamilton it was 2,800,000 francs. Assuming that he was all wrong as to "The Lost Million," we yet owed him 1,800,000 francs beyond dispute, and yet all that the heirs of Beaumarchais ever received under this settlement, and they did not get that until 1835, was 800,000 francs, and they only received that through the settlement of the French Spoliation Claims. The treaty was made in 1831, and the French Parliament, possibly taking a leaf from our note book, would not appropriate any money to carry out its provisions.

Finally, in 1834, Andrew Jackson's patience was exhausted and wrath was great, and he sent a message to Congress in which he intimated rather brusquely that France had no intention of respecting their obligations, and he advocated a seizure of the property of French subjects in our own country, until we had received the five millions due us. You can imagine the effect of such an undiplomatic threat upon a great and proud nation. There was an uproar in France. The French Government handed our Minister his passports, recalled their own Ambassador, demanded an apology, and served notice upon Andrew Jackson that, unless our country apologized for his offensive language, they would neither pay the Spoliation Claims or resume friendly intercourse with us. Andrew Jackson was not the man to apologize on demand. Like Falstaff, he would never give reasons "On compulsion." Thereupon, the French Government which was very much in earnest, determined to send a fleet to our harbors to make a hostile demonstration, and "Old Hickory" in turn asked Congress to appropriate money for the national defense. In the meantime, our dismissed Minister was hurrying back to Washington, and Jackson had sent word to him that as soon as he arrived to come at once to the White House. It is highly amusing, and I hope that no one of French descent will object to my telling the story. As soon as Livingstone reached Washington he was put in a carriage and hurried to the White House, and there was Jackson with his cabinet, most of whom thought he had gone too far, waiting for Livingstone's report. Livingstone's story was to the effect that France was very much in earnest and would make war unless our Government apologized. Jackson replied: "That's like them French; they never pay unless they have to."

Let it be gratefully remembered that it was then England that stepped in and tendered her good offices to both France and the United States, and as a result Jackson disclaimed an intentional affront. The French Government withdrew its demand for an apology, and the French Parliament promptly passed the appropriation to pay the French Spoliation Claims. France in turn paid to the daughter, as the sole heir of Beaumarchais, the paltry sum of 800,000 francs in settlement of this ancient claim.

Let us hope that the time will come when our country will not only honor De Kalb, Lafayette, Rochambeau, and Steuben and Pulaski, but will also honor that great Foreign Minister of France who, next to Franklin and Washington, did more for our independence than any human being, the Comte de Vergennes; that we gratefully remember Louis XVI., who in helping our cause out of his own private purse, lost both crown and head, and last, but not least, that we will also gratefully remember that Figaro in life—Pierre Augustin Caron de Beaumarchais. Gentlemen, that is the story of The Lost Million.

I thank you.

Banking and the Larger Citizenship.

BY EDWARD K. GRAHAM, President of the University of North Carolina.

In speaking on the general subject, "Business and the Larger Citizenship," in a programme made up of deliberately specified topics, I would not be accused of purposeless generalities, or idealism that cannot be made to work. The subject may not seem as distinctly practical as good roads, good soil, good schools, and yet, in thinking as specifically as I can about roads, schools, and even churches that are good, I find that no amount of thinking and talking by public road experts and soil experts and teachers will produce the results we all desire, unless along with the specialist knowledge and service we bring in our line, you bring the knowledge and service of yours. I mean that we cannot have good public roads and good public schools unless, in addition to good engineering and good teaching, we have good public banking and finance. It is to make a simple point in regard to what good public finance is, whether it is practical to have it, and what we can do to further it, that I shall briefly address myself. No question can be of more practical and vital importance than this question of the relation of business and banking to the public welfare, and particularly to the welfare of the farming public.

The view is current that banking men and business men have no relation except antagonism to the higher and nobler activities of men. I was reading a day or two ago a sermon by a minister of national reputation, and a man of great public spirit, in which this ground was eloquently taken. He reviewed the "awful record of industrial accidents," the ruthless fraud, chicanery, corruption of politics and government by business, the outright robbery honored in the business world, the destruction of our natural resources on which the nation of the future must live; and he vehemently declared that the only law of business is brute force and the survival of the craftiest. His conclusion from what he had observed in his work is that business is bad in essence and its standards wholly bad.

And this view by constant repetition in pulpit and forum and (up to a few years ago) in the popular magazines convinced even men whose occupation is business that they are a necessary evil in a Christian republic. A good man, they were forced to feel, may be a good man after hours, or on legal holidays, or after he has retired from business. But business is—business. No other word expresses its isolation, its lawlessness, its unrelatedness.

But the typical business man and bank man (who sits at the center of this alleged game of wealth versus commonwealth) cannot quite believe that this is the whole truth, or even a part of the real truth. Nobody sees so clearly as he that selfishness and greed, strong everywhere that men live and work, are fiercest in business; but he knows that they are *not* business. He acknowledges the power of self-interest and the fierce law of the survival of the crafty; but he knows that it is not the only law, or the great law, and that we are rapidly discovering the higher law, even though its standards and demands are not yet quite understood. He looks at the work of his hands and brains—at his factory, his store, his trust company—and it seems to have a place in God's scheme of things. And he looks over this vast country with its giant concerns and institutions of industry and trade—the incarnate expression of the new anti-feudal power of Commerce—and it seems, in its work for universal peace, its extension of the suffrage, religious toleration and diffusion of material well being,

that its contributions to the world's welfare give it a high and noble place in God's scheme of civilization.

He looks about him at the successful men in business, and, without analyzing their great qualities, they seem, on the whole, to measure up to the men in other callings. And more than all of this, whether he achieves the height to which his business calls him or not, the serious business man knows that in his business there is a height that he can spend the best that he has in him in attaining. Often blindly, but with flashes of deeper vision, he feels the thrill of the creator; and he knows that he, too, is a co-worker with all good men in the building of a Christian commonwealth. He feels that business men who wreck a railway system through financial manipulation are as surely traitors to the whole public as Tweed was or Benedict Arnold; and he feels also that the men who built up the Pennsylvania System, the carrier of the civilization of the people, are quite as worthy workers in the kingdom of righteousness as the artist who designed the plans for its beautiful terminus.

Business is business; but it is also life—an essential part of the life of the individual man and an essential part of the life of the nation. What we are coming to see is that good business, like all other good human activities, has two characteristic marks: it must be a good job in itself, and it must be done in accord with the standards of the nation of which it is a part. The first is a question of individual freedom and efficiency; the second is a question of responsibility and relationship. Reconciling their contradictions in a practical standard of Christian democracy is the task of the civilization that we are building. In science, in art, in government our practice conforms to our theory with sufficient clearness to be recognized by all men. No scientist, no artist, no statesman could fail to hold his genius and his profession, in large part, as public property. Legitimate government, by whomever administered, is government administered in the interest of the whole body politic—and this standard is coming to be, and will be, the practical standard of good business.

It is a difficult doctrine, but it is the very thing that is happening before our eyes—this saturation of the standards of business and the uses and processes of business with the national standard. Business responsibility, business self-restraint and co-operation, to the man who really sees, are facts far more significant in present America than ruthless selfishness, greed and the survival of the craftiest; and the steady progress we are making, in a truly democratic interpretation of business, is one of the most significant facts in present world history.

To the question how we achieved the progress we have made, and how we are to achieve the even more difficult tasks ahead, there is no specific answer. It will not be through legislative panaceas swallowed by Congress, and the people suddenly made whole. The lash of legislation cures no business ills, though it may serve, as it does elsewhere, to compel attention to the higher law of self-restraint. Enlightened self-restraint has played, and will continue to play, a large part. But it will be through the same slow and difficult process of self-education by which we learned and are learning self-government—through realizing more clearly what we are working for. It is not through restricting the doctrine that business is business, but enlarging it to the view that business is life. We are learning that one may co-operate not only with a single partner, and a group of partners, and a group of thousands of dividend sharers, but with

ten thousand workmen and their families, and that we may extend that vision of co-partnership to the whole community and its wealth, health and happiness. This insight comes not from conversion to altruistic philanthropy, nor from an outburst of emotional patriotism, but through a fuller knowledge of the facts of public welfare, and so to a truer conception of our business concerns and our banking institutions as arteries through which the life of the community flows, and our bank men as public men and ministers of the public welfare as truly statesmen, teachers or preachers. When we know fully and exactly the economic facts about the public welfare, the projecting power of our sympathy will be vastly increased.

Perhaps I can make this clearer by the case of the Banker Who Discovered an Open Road. He was a normal sort of person, successful and busy, and he lived after the fashion of his class. He took pride in his town, and he knew a few things about it—its rapid growth in population, its fine main streets, its tax rate, its leading industries. The air of prosperity that it wore was a daily delight to him. What he cared most about, of course, was his bank. He had built it up and put his life into it. It had grown as the town had grown, and now it lifted its head proudly to a view of all the wide country round about that it served and was served by. He knew every detail of its business, and he loved all of it, down to the fixtures and the bronze plate in the entry. He had no theories except that he agreed with Vice-President Marshall in the doctrine of the "clean doorstep"; i.e., he believed that it was his duty to keep his own doorstep clean, and that that was enough. He did his own job well, and the question of whether in doing it well he helped or hindered others in doing their job well he considered their concern and not his. As to what doing a job well was he would have referred you to the bank statement. He was not concerned with public questions except as they openly touched his interest or the bank's interest; and he took some pride in the fact that he was not an "uplifter." The good roads question to him was a matter of the asphalt avenue that led from his clean bank steps to the *porte cochere* of his home. It went on by, of course, as roads do; but it was not in his knowledge as to how good or how bad it was after it was lost in the blue haze of the hill beyond.

Then in the course of business a simple thing happened. He acquired a farm nine miles out on the road. He became interested in it and in making a good job of it, and interested in the tenant and his family, through whom he was to make a good job of it. He found that though you needed good roads, good schools, good churches in your farming community in order to get a good job done there and keep good people there, that it wasn't sheer stupidity and desire for ignorance and unwholesome, unattractive living that kept the people from getting them. He studied the census returns, and found that although the people produced a great deal of farm wealth, that very little of it was economic surplus out of which communities can vote taxes for roads and schools; that they were conducting a business of marketing without a knowledge of marketing that required co-operation without a medium of co-operating; that they were attempting on a faulty, unorganized credit system to make a profit on a business that between the bank and the store required twelve to twenty per cent. interest. Gradually it came to him that the job at the bank and the job at the farm were parts of the same job precisely, and that both were vital organs in the same healthful or unhealthful community life. The bank was no longer an isolated enterprise; but in its being at the heart of the community's material affairs vitally affected every public activity.

What he discovered through learning some facts of public welfare was not that he had before been a bad

man with a bad business, but that his job was a vastly bigger and more inspiring job than he had understood. He knew what it was to be a bank man; he discovered what it was to be a Man in the Bank. He knew that the public road was a satisfactory way downtown and back; he found that the same road was an open door to the end of the world. He found that what the standards of his country asked of him was not that he sacrifice himself and his business in sentimental service, but that he liberate himself and it through exercising freely the privileges of the larger citizenship.

Because we believe that knowing about the facts of our whole community life is the first step in dealing fairly and generously with them, we have instituted in North Carolina a State-wide campaign for arousing non-partisan interest in the state of the public welfare. The first step in this campaign is a Community Service Week, decreed a few days ago by proclamation of the Governor to be celebrated all over the State by all classes of citizens the first three days in December. The first of these days is a "Public Roads Grounds and Building Day" on which the men and women and young people of each town, township or school district will meet according to plan and work together in one of three forms of actual physical service to the community: (1) in making more worthy and creditable streets and roads; (2) in improving the exterior and interior of public building; (3) in beautifying school grounds, cemeteries, parks and planting trees, etc., along the streets, roadsides and private grounds. The second day is "School and Neighborhood Improvement Day," with the neighborhood served by the school as the unit; and on this day meetings will be held in the school houses to discuss community conditions, ways for improving social life, economic and health conditions, and local committees named to prosecute plans for carrying out the ideas. The third day is "County Progress Day," on which a great public meeting shall be held at each county seat to discuss the needs and possibilities of the county in the light of comparisons made with the conditions in the county ten years before, and with conditions in other counties. Careful and detailed programs for each of these days, with abundant and specific information, have been prepared in the form of a civic handbook by a central committee; a plan of organization for each county outlined in the fashion of organizing a political campaign; a paid secretary employed to conduct the campaign from the State capitol.

At the State University we are putting this idea of local applied economics and civics directly into the curriculum and student activities. Our students are largely North Carolinians. Groups of them come from every county. These are organized into county clubs, and these clubs federated into a State club, in which the studies that the county clubs make of local conditions are compared with each other and set over against the conditions in other States. These studies are based on a syllabus prepared by Professor E. C. Branson, who gives his whole time to this work, summing up county conditions from investigations of population, wealth, domestic animals, co-operative enterprises, public highways, law and order, recreations, rural credit, churches.

We believe that in a democratic commonwealth such as ours, no matter what our method of approach—whether through banking, education, manufacturing, farming—a primary condition in promoting the sort of progress that we are all at heart agreed on wanting is a more thorough knowledge of what the facts are. With this will come freer and less prejudiced discussion, a deeper and truer understanding of the principles underlying the facts, and a practice that will accord to a more generous and human interpretation of them. Our great lesson, bitterly hard to learn, but holding the infinite secret of individual and national freedom that we seek and that we will learn, is that these streets, and stores,

and fields, and banks, and factories, and school houses, and churches, and all the rest, are but "folds across the face of God," and that the "Thy Will," for which we daily pray, will be done here and now, or nowhere; and

that banking, agriculture, education, freedom, and life itself are but instruments for finding the common God in the common good and making His will prevail.

Fundamental Problems in Road Improvement.

By L. W. PAGE, Director, U. S. Office of Public Roads.

The problems involved in road improvement and maintenance are many and varied. Their solution calls for the best thought and effort of specialists in many lines of human endeavor, for these problems concern not merely the actual building and maintenance of the roads, but also the enactment of comprehensive and efficient legislation, the raising and the honest and capable handling of huge sums of money, the formation and management of great working organizations, while in many States collateral questions of importance, such as the utilization of convict labor, are involved. Modern traffic conditions have intensified to a remarkable degree the difficulties attendant upon the adaptation of road surfaces to traffic requirements. Far-reaching questions as to the distribution of cost burdens, so that they may rest equitably upon the shoulders of all who benefit by the improvement, occasion no little controversy among those who are striving for the development of our primary transportation facilities. You will thus see, gentlemen, that there are so many angles from which to approach the subject that I must necessarily confine my remarks to only one or two aspects of this great work.

First, I wish to point out the magnitude of the problem by citing a few statistics, which may serve as metes and bounds, so to speak. Our latest information indicates a total length of public road outside of incorporated cities and towns aggregating a little over two and a quarter million miles, and for the purpose of comparison I may say that this is about fifteen times the road mileage of England. It is a favorite argument of those who oppose adequate road improvement to say that the improvement of this vast system would mean an outlay at, say, \$5,000 per mile, of over \$11,000,000,000, and that even though 10 per cent. of the mileage, or 229,000 miles, are already improved by hard surfacing, this would still leave a possible outlay of something like \$10,000,000,000. Without meaning to detract from the magnitude of the problem before us, I cannot overlook this opportunity to point out the absurdity of this fanciful contention. Careful investigation has shown that in any average rural district from 15 to 25 per cent. of the roads carry from 60 to 85 per cent. of the traffic, or, to be more exact, let us say 20 per cent. of the roads carry 80 per cent. of the traffic. The logical conclusion is, therefore, that for all practical purposes the hard surfacing of from 20 to 25 per cent. of our total road mileage is all that is necessary. After allowing credit for the mileage already surfaced, it is apparent that the problem before the American people is to improve and properly surface something like one-quarter million miles of road. I might also add that traffic and climatic conditions and the distribution of road materials make possible and desirable the use of many kinds of materials and the construction of many types of road surface, ranging all the way from the sand-clay mixtures of the southeastern seaboard, frequently built at a cost as low as \$1,000 per mile, to types of a more permanent character costing in exceptional cases as high as \$25,000 per mile, built in various centers of heavy traffic. So that it is utter folly for any one to fix upon a given type or a given cost and apply it arbi-

trarily to the whole road question throughout the United States. You can thus see that, although the task is a gigantic one, there are modifying conditions which make it practicable of achievement if the proverbial energy, good common sense and persistence of the American people are applied.

Progress is being made and vast sums of money are expended year by year in the endeavor to lift America out of the mud. Last year a total of something over two hundred and five million dollars was expended in money and labor on the roads of the United States, and you may form some idea of the progress by comparing this with the \$79,000,000 expenditure for 1904. This shows an increase in annual outlay of \$126,000,000, or more than 170 per cent. Our chief troubles are not lack of zeal or excess of penuriousness, but rather a defective system, a widespread ignorance of proper methods, a good-natured disregard of the dictates of economy and a very general practise of playing politics with road funds.

To criticise is easy, and unfortunately the critic who has no remedy for the faults he finds always has a sympathetic audience. I must say that I have no patience with the pessimist who goes about continually pointing out the things that are wrong and proving that they are wrong, and never suggesting a way to make them right. In this matter of road management, however, it is fortunately as easy to point out the right way as it is to criticise the wrong way. The first essential—and it must be apparent to every fair-minded man—is that the administration of the public roads must be taken out of politics. The roads are absolute economic necessities and cannot for a moment be considered as legitimate spoils of the politician. Granting that the roads should be taken out of politics, how is this to be done? The answer is comparatively simple: place all management of the public roads of State importance under the control of a non-partisan, non-paid commission holding office partly ex-officio and partly through appointment, and have these men choose a competent engineer as executive head, who will hold office so long as he renders adequate service and who is responsible to no political party and, in fact, is rigidly excluded from participation in political affairs; have his subordinates appointed through an efficient merit competitive test and require by law that all officials having to deal with public roads shall possess the essential technical and practical qualifications. In the handling of county roads, follow the same general practise. The county engineers or superintendents should have the widest possible authority, and should be provided with a small force of competent men. Such a system in lieu of the present many-headed, loosely-constructed, politically-dominated county organizations would work wonders, and would save at least fifty million dollars a year on the basis of our present outlay.

One of the first results to come from competent organization would be the classification of our highways in accordance with traffic requirements. Incidentally, this classification of roads will go far towards neutralizing the effects of petty politics, for under the classification the roads which are most important to the people would first be improved and would receive the most improve-

ment. Under the system now prevailing in most of our rural sections the convenience of the few influential citizens, the insistence of real estate operators, the parceling out according to political subdivisions rather than traffic needs, dictate the location of improvements. In classifying roads according to their importance, it will generally be found that a small mileage, ranging, say, from 5 to 10 per cent. of the total, comprises main trunk line roads used heavily by traffic originating both in and out of the county and forming links of a possible system of State, and even national, importance; from 10 to 20 per cent. will consist of secondary roads, important for market traffic; while the remainder will comprise unimportant feeders and neighborhood roads.

If the fundamental question of *what* roads to improve and the order of their improvement has been determined through classification, the next fundamental question is that of financing the proposed improvement. This question is two-fold and involves a determination not only of how the money should be raised and how expended, but also how large an outlay is justified in a given case. In logical sequence this latter consideration should first receive attention. In deciding how much money may wisely be expended on a given road we must measure the probable returns in reducing hauling costs and in social service. An investment is therefore wise and justified which will yield the maximum net annual return, after deducting interest, depreciation and maintenance costs. Both under-investment and over-investment are burdens upon society.

It may interest you to know how the traffic importance of a road may be ascertained. The first step is to determine the traffic area much as you would determine the drainage area of a water course. This area is expressed in acres and the percentage of farm land under cultivation ascertained. It is then a comparatively simple matter to figure the approximate yield in tons and the percentage of the products which is hauled from the farm. Two-thirds of the longest haul from a given market point is taken as the average haul for the traffic area and the total tonnage multiplied by the average length of haul given the total ton miles. The average cost of labor and teams affords an indication of the cost of hauling per ton mile, and it only remains to estimate approximately the saving in this cost per ton mile to be brought about by the proposed improvement to determine whether or not the outlay for the improvement is justified. A striking example of justifiable improvement is afforded by Spotsylvania County, Va., where \$100,000 has been spent since the beginning of 1910 in the construction of a system of roads for two districts in that county. On one road between Spotsylvania Court House and Fredericksburg, a distance of 12 miles, has been expended \$28,000. Careful study by the Office of Public Roads shows that the annual cost of hauling has been reduced over \$14,000. In other words, this road now yields an annual income equal to 50 per cent. of the original investment. The surfacing of this road was composed of a mixture of sand, clay and gravel at a cost of about \$2,300 a mile. If instead of a sand-clay-gravel surface, an expensive type of construction costing, say, \$15,000 a mile, had been employed, the outlay would have been far in excess of the traffic requirements, and the annual return would not, during the life of the road, have reached such proportions as to make the investment a paying one.

Assuming that the amount of the outlay has been agreed upon, the next phase of the question concerns the method of obtaining necessary revenues and safeguarding and directing their expenditure. When large amounts for new construction are required direct taxes frequently prove inadequate and resort is had to bond issues. Right here I wish to call your attention to what appears to me to be a dangerous trend in the financing of road improvement, and that is the issuance of long-term bonds for short-term improvements. In other words, it is quite

common to issue a forty-year bond to build a road, the surface of which will wear out in ten years. If we grant that the location, grading and drainage structures are permanent and that they represent as high as 50 per cent. of the total outlay, it would mean that half of the original investment must be renewed at ten-year intervals. The impression is entirely too general that a hard-surfaced road is permanent and requires no maintenance. Disastrous results of this attitude are seen in many counties where the costly roads have disintegrated, while the debt remains as a burden upon posterity. I should say that three basic conditions should be observed in all bond issues for road improvement. First, that the life of the bond should never exceed more than double the life of the perishable part of the improvement; second, that proper provision should be made for the payment of the bonds and of the interest as due; and, third, that adequate maintenance from the date of completion of the road should be compulsory and revenues provided accordingly.

While I am on this question of financing road improvement, I wish to say a word about why State aid and State supervision have made such rapid progress throughout the past fifteen or twenty years. It must be apparent that the public road, no matter how far remote from centers of population, is no longer a mere local utility. Travel from the cities penetrates to the remotest parts of the country; the supplies from the country find their way to the crowded centers of population, and any serious interruption to the movement of farm products over the country roads is reflected in the increased cost of living in the great cities. There are many sound thinkers who believe that living would be cheaper, prosperity more widely diffused and economic and social conditions generally made better if the condition of rural life were improved through better roads and schools and increased comfort on the farm. Under the old system of local control and taxation the cities have contributed in no wise to the up-keep of country roads. State taxation, on the other hand, reaches the cities and large corporations, and consequently the building of a State system of roads so distributes the burdens of cost that the farmer is relieved to a considerable extent and is enabled to enjoy the benefits of a good road at an outlay easily within his means. In the State of New York I believe that over 70 per cent. of the total expenditure for the bond-built roads is paid by the City of New York. State control means skilled supervision, systematic improvement and correlation of local effort. It is manifest that a town system of control is inadequate, as it does not allow the employment of skilled supervision, the use of adequate machinery and the organization of an efficient working force.

Thus far I have not explained to you in any respect the methods by which roads are actually constructed and maintained. It is neither desirable nor at all probable that any of you gentlemen will change from your present occupation to that of building roads, and even if you did contemplate such a change, what I may say to you in a few moments would have little effect upon your qualifications as highway engineers. It is a curious fact that most laymen consider a talk highly practical if it enters into the actual methods of construction and maintenance, and highly impractical if it deals with those larger questions which are the only questions connected with the subject of road improvement requiring the actual attention of the laymen. Road building is an art based upon a science, and it requires specially qualified men to practise it. That which concerns the taxpayers is to provide suitable legislation, an adequate system, ample funds, competent men, and let the rest of the work alone.

It might be worth while, however, to call your attention to a few of the common errors made by unskilled road overseers, so that you may recognize their handi-

work in your travels through the country districts. Many of you have noticed a freshly repaired earth road where weeds and grass from the side ditches have been used to fill ruts and holes. Now just a little common sense would enable a person to realize that vegetable matter decays and becomes soft, and that wherever vegetable matter occurs in a road there is sure to be a soft place where the water will concentrate and intensify holes and ruts. You have often seen holes in an earth road filled with stones. It is an axiom of road builders that you cannot float a raft of stone on a sea of mud. The placing of the rocks in the hole does not remove the water, which, consequently, percolates a little further into the earth surrounding the stones, so that in place of one hole in the road you have two holes and a rock ridge. Holes and ruts in a road should be filled with the same material of which the road is composed. It was said by some one familiar with the operations of the road overseer that if Lee had turned out the road forces to work the Virginia roads in the rear of his army, Grant would never have reached Richmond. This haphazard tinker-

ing with our earth roads is a source of continual waste of money and is a constant object lesson to prove the necessity of competent supervision. It may interest you to know that early in this year an arrangement was perfected between the Office of Public Roads and a number of counties between Washington and Atlanta, whereby the counties placed the expenditure of their road funds for maintenance on a given stretch of road under the direction of engineers assigned by the Office of Public Roads. The various sections of road placed under Government direction form a continuous highway between Washington and Atlanta, thus making it possible for each engineer to supervise approximately 300 miles of road. Already the improvements resulting from the arrangement are very marked, and it is our belief that the roads can be kept in excellent condition at less than it formerly cost to keep them in a poor condition.

Gentlemen, I trust that the powerful influence which you individually and collectively wield will be actively employed in furthering the systematic and efficient improvement and maintenance of our public roads.

Soil Fertility—The Greatest Necessity and the Best Investment.¹

By CYRIL G. HOPKINS, Director of Agriculture, Southern Settlement and Development Organization, Baltimore, Maryland.

If a State like Maryland should entirely stop farming, the people of responsibility and influence in the United States would promptly wake up, and the startling fact would be given the widest publicity at home and abroad, with resulting investigation and remedy; but the fact that farm land far in excess of the total land area of Maryland has been agriculturally abandoned in the North Atlantic and New England States during the last thirty years is commonly unknown and almost unnoticed.

From 1880 to 1910 the area of improved farm land (farmed land) decreased by 9,809,834 acres in New England, New York, New Jersey and Pennsylvania. This aggregate of agriculturally abandoned farm land is double the area of New Jersey; it is greater than Maryland and Delaware combined; it exceeds the total area of Massachusetts, Rhode Island and Connecticut.

The records of the last census decade show that 921,996 acres of land, farmed in 1900, were found agriculturally abandoned in 1910 in the States of Pennsylvania, Maryland and Virginia. This exceeds the total area of improved farm land in Rhode Island and Delaware combined.

The two primary causes for the decrease in productive power and the final agricultural abandonment of these vast areas of farm land are lack of knowledge and lack of profit in farming as compared with industrial and commercial enterprises. A few men of broad vision have seen the conditions, but their comments or warnings have been largely ignored and as yet comparatively little has been done by the nation or by the States to remedy the basic difficulties.

"If there is one lesson of history that is unmistakable it is that national strength lies very near the soil."

About two-thirds of a century has passed since these words of wisdom were spoken by Daniel Webster, but it

was not till 1887 that the first appropriation was made by the Federal Government for the establishment of State experiment stations to conduct agricultural investigations; and thus far not one farmer in a hundred has ever been furnished any definite information as to what his soil contains, in what essential elements of fertility it is most deficient, or how such deficiency can be most economically supplied.

James J. Hill, himself a railroad man, recently made the following statement:

"The farm is the basis of all industry, but for many years this country has made the mistake of unduly assisting manufacture, commerce and other activities that center in cities, at the expense of the farm."

Even the money spent on the Panama Canal might far better have been devoted, at this time in our national history, to the investigation of American soils—to securing necessary information and to the demonstration of its practical application in profitable systems of permanent soil improvement, contrasted with the past and present systems of soil robbing, land ruin and farm abandonment.

This was not a matter of much immediate concern so long as rich, virgin, well-watered land was to be had from the Government free for the asking by any one desiring to farm it, but almost coincident with the end of the last century we came to the practical limit of our free Government land at once suited to agriculture. Thus the area of farm land in the United States more than doubled from 1870 to 1900, and the increase was 34 per cent. during the last ten years of that period; whereas from 1900 to 1910 the total increase in farm land acreage was only 4.8 per cent., contrasted with the continued increase of 21 per cent. in population for each decade.

The area of improved farm land (farmed land) increased during the last census decade by 63,953,263 acres, or by 15.4 per cent., but only 28,075,102 acres were used for increased area of crops, of which 10,589,707 were used for hay and forage, 7,768,737 for cotton, and 6,413,-

¹ Address before the American Bankers' Association, at Richmond, Virginia, October 15, 1914. (Doctor Hopkins is professor of soils and crops at the University of Illinois, Champaign, Illinois, but connected with the Southern Settlement and Development Organization during a leave of absence of one year.)

743 for cereal crops. Thus additional pasture land and fallow ground must represent more than half the total increase.

In this connection it should be noted that while the increase in acreage of all cereal crops was 3.5 per cent., the increase in production was only 1.7 per cent. from 1899 to 1909 (4,439,000,000 to 4,513,000,000 bushels²), and in spite of increased pasture, hay and forage, there was unquestionably a marked decrease in food-producing animals (cattle, sheep and swine) during the decade, the increase in horses evidently consuming the enlarged supply of hay and forage. (The census data show 193,000,000 head of cattle, sheep and swine in 1900 and 173,000,000 head in 1910, but the count was made for June 1, 1900, and for April 15, 1910, and consequently the results are not strictly comparable.)

There was a substantial increase of 11.7 per cent. in cotton production, but the acreage of cotton increased by 32 per cent. Even by five-year averages (1897-1901 and 1907-1911) cotton decreased in yield per acre during the decade.

In order to feed the increase of 16,000,000 people we were compelled to decrease our average annual exportations from 1900 to 1910 from 215,000,000 to 103,000,000 bushels of wheat, from 162,000,000 to 48,000,000 bushels of corn, and from about 2,500,000,000 to 1,500,000,000 pounds of meat. These figures represent five-year averages, 1898-1902 and 1908-1912, respectively, and these data indicate that we shall practically cease exporting meat about 1925, wheat about 1920, and corn about 1915. (Much corn has been imported during the last twelve months, for the first time in our history.)

From this mass of highly trustworthy data and the well-known increased cost of living, the people's representatives to whom is intrusted the guardianship of State and national welfare, both in public life and in the business world, may well ponder the words of a wise Chinese philosopher:

"Public prosperity is like a tree; agriculture is its roots; industry and commerce are its branches and leaves. If the root suffers, the leaves fall, the branches decay, and the tree dies."

But in striking contrast with this established philosophy, and in harmony with Mr. Hill's truthful statement, the annual appropriation from the Federal Government to the agricultural experiment stations in all the States aggregates less than one and one-half million dollars, while a bill for rivers and harbors may carry from fifteen to fifty million dollars. It should be kept in mind always that the revenue of the Federal Government is many times the aggregate revenue of all the States. In other words, the central Government is rich, while most State governments are relatively poor, practically all forms of indirect taxation and some very important direct taxation being controlled by the Federal Government.

As agriculture is the basis of industry and commerce, so the fertility of the soil is the fundamental support of every form of agriculture; and a greater localized knowledge of soil fertility is the greatest need of American agriculture.

A thorough and complete investigation of the soils in a county, or in a State, should include three lines of work:

²The fairness of this comparison has been questioned by a committee of the "Chamber of Commerce of the United States of America," representing some Boards of Trade in this country, on the ground that 1909 is alleged to have been a poor year for corn, which is a crop of such magnitude as to markedly influence the aggregate of all cereals; but the crop statistics of the United States Department of Agriculture show that the production of corn in 1909 was 33,000,000 bushels above the average for the nine years 1905 to 1913 (centered on 1909), while the production for 1899 was 3,000,000 bushels less than for the nine-year average 1895 to 1903, thus showing that 1909 was not a poor year for corn.

First—A detail soil survey showing the various kinds or types of soil with their location and boundary lines, even down to areas of five acres on every farm.

Second—The chemical analysis, or fertility content, of each kind of soil.

Third—The results in crop yields, from actual field trials, as to the effect of intelligent soil enrichment in rational economic systems of farming.

Without doubt the institution best qualified, from the standpoint of location, interest, and local responsibility, to make these soil investigations is the State Agricultural Experiment Station; and neither State or nation could make better use of the public revenues than by more adequate appropriation for such analyses and experiments; but because of its more liberal support there has been a strong tendency for the United States Department of Agriculture to try to do local State work, which could be far better accomplished by the State institutions, which are directly responsible for results to their home people.

It is a sound principle of economics that the closer the relationship between employer and employee the greater will be the efficiency and practical value of the service rendered. Thus local agricultural investigations and the local extension of agricultural information, like local instruction in schools and colleges, is best accomplished under local authority.

The wisdom of real statesmen is represented in the Acts of Congress known as the Morrill Bill, signed by President Lincoln in 1862, which provided for the establishment and partial support by Federal appropriation made under the second Morrill Bill and the Nelson amendment; the Hatch and Adams Acts, which establish and provide some support for the State Agricultural Experiment Stations; and the Lever Bill, which provides for the establishment and partial support of local Agricultural Extension Work, as the third leg of the complete tripod for the support and upbuilding of American agriculture in every State and in every county. But in striking contrast with this wise, comprehensive, and economically sound Congressional legislation is the attempt of some Federal bureaus of the Department of Agriculture to conduct local investigations and local extension or demonstration work, often without Congressional authorization, to the detriment of the State institutions, and sometimes to the discredit of the work and to the delay of the adoption of truly permanent scientific systems of agriculture.

Thus, during the last fifteen years the Bureau of Soils of the United States Department of Agriculture has made soil surveys with more or less detail in more than a thousand different counties and in all the States; but this vast accumulation of maps and reports from large expenditure of time, energy and money, is essentially unused and useless, so far as the farmer is concerned, because practically no information is given as to the abundance or deficiency of the different important elements of fertility or plant food, and local investigations are lacking as to the benefits to be derived in field practice from the addition of deficient elements or from liberating and utilizing those elements which the soil may contain in abundance or in inexhaustible supply.

To survey a man's farm, and later hand him a map and a report, informing him that he has two types of soil, one of which produces one-third bale of cotton, or twenty bushels of corn, while the other is better adapted to truck crops, is usually to tell him what he already knew; and yet this represents the essentials of a thousand published reports by the Federal Government on county soil surveys. Thus, the following is the summarized statement concerning the most extensive soil type in Covington County, Alabama, as given on page 35 of the report issued May 8, 1914:

"The Norfolk fine sandy loam is the most exten-

sive type. Only a small proportion of it is under cultivation. It is recognized as one of the strongest types of the series for corn and cotton. When well drained it is adapted to a wide range of crops, particularly the legumes, medium truck crops, and cigar wrapper tobacco. Land of this type may be purchased for \$10 to \$25 an acre."

The more detailed statement on pages 19 and 20 merely adds a description of the color, location and native vegetation (pine, dogwood, gallberry, broom sedge and wire grass), and states that "the Norfolk fine sandy loam has been derived from the weathering of the unconsolidated beds of sand and clay forming the Coastal Plains material."

No information is given as to the contents of this soil in the different elements essential to crop production; no culture experiments are reported; and no evidence furnished that any one knows how to change by economic means and practical methods the acre-production of this land from one-third bale to two bales of cotton or from twenty bushels to eighty bushels of corn, and the value from \$10 or \$20 to \$200 or more per acre.

The same mail brings a report of the soil survey of Boone County, Indiana, issued May 2, 1914, and in the discussion of the most extensive soil type in this county occurs the following statement (page 27):

"The average yield of wheat has declined during the last twenty years. Formerly returns of twenty-five to thirty bushels were frequently secured, but in recent years from fifteen to twenty bushels are more commonly reported."

But the farmer may read the entire report and still remain just as much in the dark as to what his soil contains in large or small amount, or how he may best restore the former higher productivity.

These reports and conditions are not here discussed with any thought of either endorsing or criticising the Federal soil surveys, but only to call attention to the fact that fifteen years' work and a thousand county soil reports must remain (as they are now commonly and rightly considered by the farmers themselves) of little or no value to American agriculture, unless the survey is supplemented by soil analyses and local field experiments.

A properly made soil analysis will reveal at once the total stock of each important element of fertility in the soil; but this information may well be supplemented by field experiments to ascertain and demonstrate the rate at which these plant-food elements can be liberated and to determine at what point or under what conditions, in rational farm practice, the farmer should begin the purchase and addition of any element of fertility.

To illustrate the possible value of soil analysis, I may state that one line of service which the Southern Settlement and Development Organization sometimes renders is to examine and pass judgment on tracts of land available for agricultural improvement either by the owners themselves or by those who may be encouraged to settle upon such lands. Soil analyses have been made in connection with the investigation of about fifty such projects, and among these fifty tracts the total phosphorus content of the plowed soil of an acre has been found to vary from 188 pounds to 1,534, the potassium from 882 pounds to 49,958 in the same weight of soil, the calcium from 402 pounds to 486,058 pounds per acre, the magnesium from 560 to 20,790 pounds, the nitrogen from 626 to 32,248 pounds, and the limestone from 5 tons below zero (measured by soil acidity) to a positive content of 600 tons per acre. Few men of common sense, and no thorough student of soil fertility, will question the practical value of such exact information as is thus afforded only by chemical analysis.

The analysis will often indicate very clearly whether the farmer's problem is to purchase plant food or to liberate it from an inexhaustible supply already existing

in his soil; whereas a field trial made with no knowledge of what the soil contains may give very misleading results; and such results followed in ignorance may lead to the waste of money and to the ultimate depletion of the soil. Thus caustic lime may produce increased yields for a time when applied to a soil already well supplied with lime but deficient in nitrogen and humus. The effect of the lime in such case upon the yield of a crop of corn is due not to the lime requirement of the corn crop, but to the fact that caustic lime has power to decompose organic matter and thus to liberate some nitrogen from the meager supply of humus still remaining in the soil. It was this use or misuse of lime which gave rise to the German proverb:

"Lime makes the fathers rich, but the children poor."

Where wheat was grown year after year on Broadbalk field on the famous Rothamsted Experiment Station in England, exactly the same increase was produced (5.6 bushels per acre), as an average of the first twenty-four years, whether sodium or potassium was applied. Such results leave one wholly ignorant as to the real needs of the soil. Sodium is not an element of plant food; it is not needed by plants, and its beneficial effect must have been due to its power to liberate from the soil some essential element or elements, such as phosphorus or potassium. Even the effect of the potassium applied in soluble form may be due in part at least to its power to liberate phosphorus. Chemical analysis shows about 1,000 pounds of phosphorus and 35,000 pounds of potassium in the plowed soil of an acre at Rothamsted, which reveals very plainly that in practical farming on that land the plan should include the liberation of potassium from this enormous supply already in the soil, while phosphorus may well be purchased for positive soil enrichment.

This is a question of especial interest at the present time, when the fertilizer manufacturers find it impossible to secure potash from Germany, and when all are beginning to realize that millions of dollars have been needlessly expended by them in the past, and added millions wasted by farmers, for the application of potassium to soils already containing an inexhaustible supply of that element, requiring only liberal use of ground limestone and decaying vegetable matter for its liberation. This statement applies not to the sand soils of the Coastal Plain, or to the muck soils of some Northern States and of Florida, which are positively deficient in potassium, but to the great agricultural soils of the United States, which normally contain truly inexhaustible supplies of that element.

On the other hand, largely because of lack of local knowledge, we have been trying to commit agricultural suicide by exporting millions of tons of our highest grade phosphate rock, thus carrying away the element of fertility which is most deficient in the American farm soils, and which most limits the crop yields in rational farm systems. Intelligent and profitable applications of Southern phosphates and Northern limestones, with liberal use of legume crops thus made possible, will check the agricultural suicide of New England and the North Atlantic States, and transform a system of gradual soil depletion into one of positive and permanent soil enrichment in the great corn and wheat States from Maryland to Minnesota.

For immediate results in one crop on soils deficient in decaying vegetable matter, the phosphorus should be applied in readily available form, such as acid phosphate; but in rational systems of permanent soil improvement where the nitrogen required for crop production is provided by liberal use of clover or other legumes, plowed under as green manures or in farm manures, finely ground natural rock phosphate may produce even more profitable and more lasting benefits.

The phosphate producers of Florida who have been

robbing our own American children of a rightful inheritance by exporting this product, should immediately establish adequate grinding plants either at the mines or at the Northern ports, and proceed to develop in the Northeastern States a larger and more permanent market for their raw product than they have ever had in foreign countries; and they ought not to be dissuaded from this much-needed economic and patriotic enterprise by those who use \$8 worth of raw phosphate in the manufacture of so-called "complete" fertilizers that sell for \$80. Without question the more readily available highly manufactured "complete" fertilizers can be used with profit in the production of crops of high acre-value, such as truck crops, tobacco, and to a large extent for cotton; but that they cannot be used economically for the restoration or maintenance of fertility in general farming with the staple grain and grass crops is conclusively proven by many long-continued investigations and abundantly witnessed by the agricultural abandonment of 10,000,000 acres of "improved farm land" in States where the commercial fertilizer interests have completely covered and "worked" the territory for many years.

If time permitted I could present the details of all trustworthy field investigations, but any one can easily verify the statement that phosphorus commonly pays back two to three times its cost, while money spent for commercial nitrogen or potassium on normal soils is rarely recovered in full from increased yields of corn, oats, wheat, and hay. Thus, as an average of results from twenty-four years of actual field trials at State College, Pennsylvania, including four trials every year with each of these four different crops, every dollar invested in phosphorus paid back \$2.94 in increased produce at safe, conservative prices, while neither nitrogen nor potassium paid back their cost. Equally convincing results were secured from trials covering twenty years at Wooster, Ohio; while, as an average of twelve years' work by the Ohio Experiment Station at Strongsville, for each dollar invested phosphorus paid back \$6.60, nitrogen 22 cents, and potash only 12 cents, at conservative prices for the value of produce in the field.

As a general average of investigations with fine-ground raw rock phosphate, covering twelve years in Maryland, nine years (with field crops) in Rhode Island, twelve years in Pennsylvania, fifteen years in Ohio, four years in Indiana, and five years in Illinois, for each dollar invested in phosphate, \$6.31 was returned in the increased farm produce.

Every honest man who is familiar with the details of American agriculture must agree that as commonly practiced general farming is not a highly remunerative business, but the fact is just as clearly established that the intelligent improvement of the fertility of land in cultivation offers both the safest and the most profitable investment now open in this country. But to make such investments intelligently and safely requires the definite information to be secured by soil investigations.

In conclusion, permit me to state and to emphasize by illustration that it would be very unwise to depend solely upon chemical analysis in passing judgment on the value of land. The physical characteristics as well as the chemical must be considered, including especially the texture and structure of the top soil and sub-soil, the topography and altitude with respect to possible erosion, inundation and drainage, and the relative stability of the soil after drainage as influenced by possible settling or burning.

Muck or peat soils, for example, are subject to settling and burning after drainage has been provided. Thus systems of drainage which would prove adequate for areas of ordinary soils have been found altogether insufficient or entirely useless for deep muck soils. Even skilled drainage engineers have at times erred greatly in providing drainage systems for such lands, notably in

certain sections of the North Central States, owing to the settling of the muck as the water table is lowered.

In the typical Everglades of Florida, the muck has an average depth of more than five feet, and over vast areas the depth exceeds ten feet. The water table is now most commonly at the surface; thus, in reference to the existing drainage canals through the 'Glades, the recent report of the Everglades Engineering Commission states that "these canals have been practically 'bank full' ever since they were opened."

To a greater or less extent, the muck is suspended in water, and if the water table is lowered by three feet, the surface of the muck would likewise settle three feet, either immediately or ultimately. This applies, as stated, to the typical condition of the Everglades proper, not so specifically to the areas of shallow muck bordering on the Everglades, or to the region of more compact muck surrounding Lake Okeechobee.

The State of Florida may well investigate the extent to which muck may settle before adopting the drainage scheme proposed in the recent report of the Florida Everglades Engineering Commission, printed as United States Senate Document No. 379, by order dated January 29, 1914, and suggesting the expenditure of more than twenty millions of dollars in order to lower "the water surface three feet below present ground surface," which relates to the water in the canals from three to ten miles apart. The settling or subsidence of the muck beneath and above the surface of the water by compression and by decay and tramping under cultivation is not taken into account in this report, by drainage engineers, but only the immediate shrinkage by partial drying of the three feet of muck to be theoretically exposed above the water. Thus the following statement appears on page 63 of the report:

"The final plans herein presented are based on the assumption that the upper foot of muck will shrink vertically 7.8 inches, while the remainder of the column down to the water table will shrink not at all."

In contrast the following statement is quoted from page 23 of Bulletin No. 71 of the United States Department of Agriculture: "The Wet Lands of Southern Louisiana and Their Drainage," issued April 30, 1914:

"Originally the muck was about three feet deep, although at present, after twelve years of cultivation and decay, it is well compacted and has subsided or shrunk until it now averages two and one-half feet lower than it originally was."

If in actual experience three feet of muck is reduced to six inches where it rests on solid earth, what might be the subsidence where the muck is from five to ten or twelve feet in depth and partly suspended in water?

Florida should not be permitted to waste twenty-two million dollars of the people's money, in addition to the three millions already wasted, in another ineffectual attempt to drain the Everglades, not even upon the advice of prominent men noted now both for their engineering knowledge and agricultural ignorance.

These facts are cited merely as a present pressing and important illustration of the possible waste or unwise use of money in the name of agriculture but with little or no resulting benefit. I call your attention to this particular project because both the American Bankers' Association, which you represent, and the Southern Settlement and Development Organization, which I represent, have large responsibilities to the American public, and before this enterprise is pushed forward, we should urge that the Florida Experiment Station, the people's own institution, should investigate the agricultural questions involved in the drainage of the Everglades. But as a closing word, I must remind the Florida bankers that your State makes no appropriation whatever to your State Agricultural Experiment Station, and I may well call to the attention of this National Association the fact that under the legislation thus far provided, of the three

legs of the tripod established for the support of permanent agriculture, investigation is by far the weakest. In other words, the greatest need of the teacher of agriculture, and the greatest need of the agricultural adviser or demonstration agent, is for more complete, definite, local agricultural information; and I would urge upon you the importance of securing adequate support for your State Agricultural Experiment Stations, particularly for the specific purpose of investigations in soil fertility, the support of agriculture—the basis of industry.

If asked how best to provide Federal funds for the support of agricultural investigations, the answer is:

Stop building national warships and coast defences and unite the national navies of the world into an international or world navy, to be controlled by a representative international commission or congress, and thus maintain world peace with world power; for not until the dawn of the millennium can we hope for permanent peace from

sentiment and treaty. The union of all navies at the close of the present war into one international naval power for the preservation of permanent international peace should be less difficult of achievement than was the union of the States into the United States at a time when battles were sometimes fought a month after peace was declared. Surely nations may trust for justice to the wisdom and fairness of such a representative international congress, just as our States must trust our national Congress; and such a project should hasten the termination of the international war.

When we take down our coast defences and cease building warships for destruction, then the income tax at least could well be divided between the Federal Department of Agriculture, for the investigation and control of such interstate and national interests as pure foods and animal diseases, and the State Agricultural Experiment Stations, for the investigation of soils and other local agricultural problems.

Educating the Producer.

By J. D. EGGLESTON, President of the Virginia Polytechnic Institute, Blacksburg, Va.

Danton once said that "after bread, education is the greatest need of a nation." We live to-day in an era when the order is reversed; when we must depend upon education to show us how to produce sufficient bread for our needs.

That the nation is realizing this stern fact is shown by the interest awakened in every effort to educate the adult and the youth of the rural community in terms of efficient agricultural production. It is shown by the constantly increasing efforts of the agricultural colleges to reach more farmers, and to show them how to increase their output. It is shown by National aid given to agricultural education. It is shown by the widespread movement to organize the boys and girls into corn and garden clubs, pig and poultry clubs, sewing, cooking and manual training clubs, and into other groups that tend to relate the children's education to their present and future economic and social life. It is this tendency that is resulting in agricultural high schools of various kinds.

Before discussing in detail the opportunities for educating the producer, I desire to discuss briefly the question, why we educate and what education is. I refer, of course, to public education, because thirty-nine out of every forty boys receive their education through public channels. The State assumes the right to educate children and youth, and assumes the right to tax property for that purpose, on the sole ground that education diffuses intelligence and increases morality; that an intelligent and stable people will make a State in which liberty will be safeguarded, the laws respected, and right conduct encouraged; that no State can survive where ignorance makes and administers the laws; that life, liberty, and the pursuit of happiness can be enjoyed only among an intelligent people; that education makes for right conduct in all the affairs of life, and that right conduct, which is righteousness, exalteth the State. To sum it up in a sentence, the State assumes the right of educating its people on the sole ground that education makes for good citizenship.

I believe that we have almost entirely forgotten, and that therefore we need to keep before us constantly, the fact that the only legitimate function of education is the production of efficient citizens. Now, good citizenship comprises three qualifications:

A desire to serve the State or community; a trained

capacity to serve the State or community; and health of body as a basis to uphold the desire and the capacity.

What, then, are the real "fundamentals" in education? Are they merely the three "R's" that children are required to learn? No; the fundamentals are a healthy body, a trained capacity to live and make a living normally, and an unselfish outlook on life; and yet year in and year out the educators of the country, with the assent of the parents, force the children to go to school and acquire arithmetic and adenoids; history and bookworm; algebra and astigmatism; cube-root and consumption; Caesar and spinal curvature; and then ninety-seven out of every one hundred of them go forth into life unable to apply their so-called education to the immediate problem of making a living—a problem that immediately confronts that number.

Now, what doth it profit a State if the children gain the whole world of knowledge and are unable to apply it? what doth it profit a State if the children gain the whole world of knowledge and have not the soul of good citizenship? what doth it profit a State if the children gain the whole world of knowledge and have not good health?

It happens that the three "R's" (or reading, writing and arithmetic) are essential, but they are essential only as contributing to the capacity of the individual to serve the State or community while making a living normally. And to place them in the position of being fundamentals in education takes the emphasis away from efficient citizenship, and, in fact, tends to lose sight entirely of the question of citizenship. I am convinced that the chief reason for the formalism and lack of vitality in the course of study in the public schools—the chief reason why the course of study is so little related to everyday life—is because we have lost sight of the real function of public education.

Why, it is only our own narrow and even stupid outlook that makes us confine education and the educative processes to the schoolroom, and to children while in the schoolroom. It cannot be too often or too emphatically said that education—if it be worth anything—is not a matter of childhood for childhood, beginning with childhood and ending with childhood, but is a matter of life for life, beginning with life and ending with life. The educative process, if it is good at all, is just as good out of the schoolhouse as in it, and if it cannot be applied

to better living out of the schoolhouse, it is worse than worthless. Education is education, whether in a schoolhouse, in a schoolyard, in the home, in the garden, out on the farm, in the factory, or anywhere else.

The very corner-stone upon which our educational system rests is this: That if anything is worth doing, it is worth doing well, and that whether it be work or play; whether it be plowing a row of corn or reading Greek; whether it be planting potatoes in the earth or preaching righteousness to human hearts; whether it be painting a picture or painting a house; whether it be digging a ditch or performing an operation in surgery, it is best done when he who does it has been trained to do it with efficiency, and with a passion to do it better than it has ever been done before.

If, then, the function of education is to turn out, from the raw material of childhood, a product in terms of efficient citizenship, we must all confess that our schools are the only manufacturing plants in the world that make practically no surveys of their communities before the erection of the plants, and that, for that matter, the school as a manufacturing plant does not, as a rule, make any survey of its community even after it has been erected. Professing to cure a condition, it does not begin by diagnosing that condition.

I may say in passing that education will not become with us a serious matter until we pay teachers sufficient wages, and make them sufficiently comfortable to remain in their respective communities until they become, in every sense of the word, a vital part of the life of the community. There is absolutely no hope of educating the producer, or the consumer, or anybody else in our rural schools as long as the rural school teachers continue to be, as they are now, a migratory flock. Very few of them hold their positions long enough to become acquainted with their communities, or to exert any lastingly beneficial influence upon them.

The average length of service of the school teacher in the United States, in one-room and two-room schools, in any given community, is one and four-ninths years, or 233 school days. With the low salaries, and with absolutely no provision made for housing the teachers, it is no wonder that they move along every year or two. In Switzerland, where they make education a serious thing, the teachers often stay throughout their entire lifetime in one community. They are given homes in which to live, with a garden attached, and they expect, and are expected, to settle down either for their whole lifetime, or for a goodly part of it, in the community where they first begin to teach.

And now, to get down to our subject, what is the best way to educate the producer, so far as the rural districts are concerned?

Since 1905 there has been a determined effort made in the South to hitch up education with life by educating the producers on the farm to increase largely their yield per acre, and to interest the boys and girls by training them to produce a much larger yield on the farms and in the gardens than their fathers and mothers have produced. This has been done through what is known as the co-operative demonstration work, with which all of you are familiar in a general way, and with which some of you are familiar in intimate contact. This method was first suggested by Dr. Seaman A. Knapp, and was financed by the General Education Board of New York City, and through the United States Department of Agriculture, in co-operation with the States and counties.

The method of demonstration work is this:

To send to the farmer, on his farm, a man who will tell him how he may, on his own farm, for his own profit and by his own labor, make a greater yield. This method, both because it has been new and because of its very simplicity, has been misunderstood in some instances, and has been treated either with indifference

or with positive opposition. It has been regarded, in some quarters, as trying to usurp the prerogatives of agricultural colleges, experiment stations, agricultural high schools, institute trains and short courses in agriculture.

But it has been found out by actual count that only one farmer in two hundred ever attends an agricultural meeting of any kind; that the number of adult farmers who go to an agricultural college is infinitesimal; that notwithstanding the good work done by experiment station bulletins, institute trains and other worthy efforts, only a very few of the farmers are reached in comparison with the vast number that are not reached; and that even a considerable number of those who do attend institute lectures and read bulletins, do not follow out the suggestions made to them. These are the reasons for the method of attempting to show the farmer on his own farm exactly what to do to improve his methods.

The thing had been done thousands of times in a private manner. When Neighbor Brown, having "learned a thing or two," told Neighbor Jones that his way of working corn wouldn't bring the best crop there was quite a discussion. But finally, when Brown's crop beat Jones's, the latter began to think. The next year Jones asked Brown a good many questions, and concluded to try Brown's plan. But habit was strong in Jones—habits in farmers are as hard and strong as their muscles—and in several little particulars Jones varied from Brown's directions, forgetting that it is the little foxes that spoil the vines. And the crop didn't "pan out." Jones "knew that thing was all nonsense, anyhow;" he "had heard that college feller talk that way at a farmer's institute," but had forgotten what he said before he reached home. But when Brown went over and looked at the crop, he put his finger on the "little particulars" in which Jones had followed habit instead of following directions. Jones wondered how Brown knew. Next year Brown went over at Jones's invitation and showed Jones how to plow. Jones thought up to that time that anybody could plow. Brown made Jones go over that ground with harrow and drag until the latter swore the whole six acres would blow away the first time a stiff wind came along. Then Brown looked at Jones's corn ready for planting. "This corn won't do for planting," said Brown. Jones thought Brown must be crazy, but he only asked, "Why?" "It's rat-eaten," said Brown, "and it is not prolific, anyway." And Brown explained, "Don't you know there are 'runty seed' and 'blooded seed' as well as 'runty pigs' and 'blooded pigs'?"

Brown went to the corn house with Jones and picked out the best corn he could find. And as the crop progressed, Brown made Jones go over the crop and keep the land finely mulched. Jones had his doubts still, but as anxious as he was to say, "I told you so," his pocket nerve had twinges that made him prefer a stiff crop to a stiff pride. Jones made twice the crop that year. Having found out that a thirst for good crop meant a thirst for knowledge, Jones soon discovered that what he thought was worn-out land on his farm was really worn-out ideas in his head. So he made Brown come over and show him on each crop until he got the "hang" of it; and that is demonstration work!

Now, the co-operative demonstration work is simply an effort of the State and National Government to do on a large scale what Brown incidentally did for Jones. Started on one farm in Mississippi in 1906, this work has grown to such proportions that Congress has just passed the Smith-Lever Act giving money from the National Treasury for this purpose, and it is now a National movement.

As this co-operative demonstration work has just begun under the Smith-Lever Act in the North and West, it is not possible yet to speak in detail of the propor-

tions it is already assuming. The Department of Agriculture at Washington writes me that there is now in the North and West an enrollment of over 110,000 boys and girls in the corn, garden, canning, potato, poultry and other clubs. The work is growing rapidly in the North and West, and will in a few years assume enormous proportions. In fact, demonstration work on what is known as the "project plan" in these sections of our common country has been carried on by many individual States for several years. In California, for instance, the garden clubs appear to have reached very large proportions, and to be very successful. Massachusetts has about 33,000 boys and girls in the demonstration clubs; Utah has over 18,000, and Oregon has over 11,000. The figures will be out of date to-morrow, so rapidly is this work growing.

As this work has been conducted on a definite plan in the South since 1906, it is possible to speak in more detail about it, and I may be pardoned, therefore, for referring to it in this way.

Exclusive of the Washington office and clerical force, there are nearly 1,200 men and women in the South acting as demonstration agents. These are engaged in adult and boys club work, and in girls canning and poultry work, and in home economics for women. The total number of adult farmers using demonstration methods was last year a little over 102,000. The enrollment in the club work for the boys was over 40,000, and for the girls over 28,000. Each year has seen the quality of the agency force improving. The truth is, the demonstration agent in a county has to know nearly everything that is to be known, and although he is everywhere encouraging the growth of grasses, he cannot let any grass grow under his feet! Most of you have read in the papers the phenomenal yields of corn per acre raised by the corn club boys in the South. You have heard of Jerry Moore, of South Carolina, who raised 228 bushels on his acre. Last year young Dunson, of Alabama, raised 232½ bushels on his acre, at a cost of a fraction under 20 cents per bushel. Young Polk, of Mississippi, raised 215 bushels at a cost of 21½ cents per bushel, and there were phenomenal yields made in each of the other Southern States.

These yields, however, do not tell the whole story, because the boys in the corn clubs, as well as adult farmers, are taught how to enrich the soil and not to mine or skin it while producing this larger yield; and they are taught to follow the crop with grass, so that while getting good crops the soil is built up from year to year.

If I may be pardoned for mentioning my own State, I may say that in 1913-14 Henry Oder, of Appomattox County, made over 154 bushels of corn on his acre at a cost of 24 cents per bushel. Ten boys in Augusta made between 100 and 144 bushels, while 68 boys in this State made over 100, at an average cost of 24 2-5 cents per bushel.

We have for fifty years been thinking of Appomattox County as the place where Lee had to surrender after his army had worn itself out whipping the bluecoats, but now we have a fourteen-year-old boy making 154 bushels of corn on an acre in that county, and we have at Appomattox Court House an agricultural school with a large boys' corn club in it and 400 pupils. Truly, peace hath its victories no less renowned than war!

The girls' garden work is done mainly through women demonstration agents. Each girl takes one-tenth of an acre, and is trained to get the highest possible production out of it. Portable canning outfits, convenient in size, are provided, varying in price from \$6.50 to \$12. The canning is done under the direction of the agent and in the most thorough and up-to-date manner. The goods rank very high on the market. Thus far there has been little trouble in disposing of the canned product.

Some girls have made enough money to send them-

selves to the Normal schools. One girl, on one-tenth of an acre, at a cost of \$41.10, counting cost of materials and counting her own labor at 10 cents an hour, put up 950 cans of tomatoes besides furnishing to the home \$21.50 worth of raw tomatoes and selling \$2.50 worth. After selling the canned tomatoes her net profit was over \$60 on her one-tenth of an acre. Another girl put up 1,008 cans at a cost of \$33.07, sold the output for \$110.80, making a net profit of \$77.73.

In one State a club of 37 girls averaged \$25.42 net. In another State a club of 19 girls averaged \$17.60 net.

One farmer advised his little daughter not to stake up her tomatoes, as he had always gotten a good crop without it. The woman agent advised otherwise. The little girl took the advice of the agent and raised on the same area three times as many as her father. Another little girl said: "I enrolled as a club member because I wanted to do something by myself and have some money of my own."

Only a few years ago the large body of Southern farmers thought it impossible to raise mixed grasses in the South. In 1912 15,000 acres in mixed grasses were cultivated under demonstration methods in Virginia alone, in 1913 40,000 acres. Some of these plots have yielded 3½ tons to the acre straight through the crop.

We hope in a few years to have Virginia selling hay instead of buying it from outside.

Here is what one seedsman in one county says about the increased acreage in grass and clover seed:

"Judging from our sale of grass and clover seed this past year, I should say there is a gain of over 200 per cent. over 1912. The acreage in crimson clover alone is five times as great, for we have sold in our county alone 2,000 bushels of crimson clover seed."

In 1912, under demonstration methods, there were 2,000 acres put in alfalfa, of which 90 per cent. gave first-class results. In 1913 the acreage was exactly double, being 4,000 acres.

And so I might continue on indefinitely. The farmers and the boys are being taught the importance of seed selection, the importance of clover crops, the importance of good drainage, and we now have two men giving their whole time to answering the calls of farmers who wish to have surveys made showing them how to drain their lands.

The demonstration agents are taught to use the Babcock tester, and have taken these around with them and instruct the farmers, so they may learn the difference between the cow whose feed goes to milk and cream and the cow whose feed goes to horns and head. In one instance a farmer who wished to buy a good cow was undecided which of two cows to buy, as one looked as good as the other. The demonstration agent came along and showed the farmer how to test the milk with the Babcock tester. He found that one cow was giving 12½ pounds of butter, and the other 4½ pounds per week. One illustration of this kind to a farmer is worth a dozen lectures and a ton of bulletins.

In 1913, under the influence of demonstration agents, hundreds of pure-bred sires were brought into the South. Here in Virginia 227 farmers were induced to start the raising of hogs by rotation of crops. This rotation takes nothing from the soil but phosphorus and adds a great deal of humus. The hogs harvest the crops and the farmer harvests the hogs. W. S. Forbes & Co., of this city, large packers, offer to take every pound of hog meat at Chicago prices, plus the freight.

A wonderful stride is being made in the South in the purchase of up-to-date machinery.

It is almost as true of the boys and girls as it is of the farmers and their wives that the great majority of them cannot attend an agricultural college or school in order to be educated as producers, and even where the boys and girls do attend graded and high schools, the course of study is not fitted to the needs of the every-

day life which the boys and girls are to lead, or ought to lead.

My friends, the day is already at hand when the rural school must control the food supply of this nation. The child should get, at the school and through the school, everything that he needs for his normal growth as a citizen. A purely academic course of study—the kind we now have—causes the school to become an active emigration bureau, and either depopulates the community or at least keeps it at a stagnant standstill. The value of a theory is in its application. Likewise the value of an education.

The Committee of Twelve of the National Education Association, appointed to investigate the subject of industrial arts in the rural schools several years ago, solemnly reported that in their opinion industrial arts could not be taught in rural schools, owing to a lack of equipment and materials, to lack of money with which to purchase same and to lack of trained teachers. This solemn report of some of our leading educators deserves a place with the solemn report which was once made on the utter impossibility of getting a boat across the Atlantic Ocean by steam power, and which said report was carried across the Atlantic by the first steamboat that ever crossed over from the United States to England.

It has been demonstrated in many, many places in our common country that industrial arts or practical industrial training for rural children can be taught in the small rural schools as well as in the big ones. If we are to wait for elaborate equipment, for a full school treasury and for teachers already trained for this purpose we will wait until Gabriel blows his trumpet. I undertake to say that there is not in the South a community so poor and so backward that practical industrial training cannot be introduced in the schools, and successfully conducted, and that this practical industrial training will include sewing, cooking and gardening for girls and manual training and gardening and farm work for boys. As has been said by one of the most successful teachers of industrial arts in two of our most rural counties, "The secret of success lies in using the materials at hand, and instead of waiting for a perfectly equipped artificial laboratory, to learn to use Nature's laboratory found on every hand. Teach pupils how to accomplish much with little, to make what they have take the place of what they have not, to use native resources; for this is our great lesson in national economy."

I know of two very rural counties where a teacher began work in five one-room and two-room schools, equipping each of them at an expense of \$12 for the cooking utensils and \$5 for the tools for the boys. The boys used the tools to make cupboards, tables and shelves for the workroom which was built by the community. The girls made muslin curtains for the cupboards; the cupboards were made from ordinary boxes. The girls made napkins for the tables by hemstitching sugar bags, saved at home. The pupils bring the supplies for the kitchen larder from home and cook potatoes, rice, soup, eggs, coffee, breads and cakes. The cooking class serves something hot for lunch every school day. The girls and boys learn how to set the table, how to serve a meal and how to eat a meal—much neglected factors in educating our children.

By studying the distribution of foodstuffs, the sources of textiles, the measurements necessary for making garments, the relative quantities of materials needed for cooking, the children learn the geography, arithmetic, spelling, writing, reading and language of the everyday life, instead of learning these things as subjects related to an artificial life.

How is this started? Simply by having a teacher who knows how and who goes from school to school and shows the teacher and children in each school how to

do these things, and in this way develops in the teacher and in some of the pupils the capacity to lead, so that before long the visits of the industrial teacher become less and less frequent.

The boys go into the woods, select wood, cut and prepare it for use. They have made farm rakes, axe handles, tables, bookshelves, tabourets, umbrella stands, hatchet handles, picture frames, hall trees, etc. As this industrial teacher says: "These country boys may not turn out as many articles, or as well-made ones, as the more regularly conducted classes of the city schools with elaborate equipment, but we are aiming to make men; not furniture.

In the schools in these counties this teacher has shown the teachers and children how to make nice mats and baskets out of the wild honeysuckle that grows profusely along the roadways, and how to make baskets out of pine needles and corn shucks and the ordinary willow. One of the prettiest sights in one of these counties was that recently seen of a group of twelve happy children making baskets under the trees at the school, while another group of the older girls were in the workroom cooking and sewing, and the larger boys were in another part of the school yard making a fireless cooker and a seed tester. Every child busy doing something purposeful, and therefore every child happy and keeping good order, even if they were laughing and talking. This is education. This is making efficient citizenship. This is the function and the sole function of the public school; and out of all this work, and out of the boys' corn club work and the girls' garden work can be gotten, and should be gotten, and, I am glad to say, in schools like these I have just described, are gotten the very best kind of lessons in language, writing, reading, spelling, geography, arithmetic, geometry and botany, as well as lessons in industry, in keen observation, in judgment, in patience, in will-power, in that purposeful work which goes to mold into efficient citizenship the boy-power and the girl-power now going to waste in most of our country communities—in that purposeful work which spells character—the only thing on God's earth that is worth living for, the only thing on earth worth dying for, and the only thing we can and must carry into the presence of that great Maker whom all of us are to meet.

Gentlemen, I ask you in all seriousness, why is it that such work as this is frowned upon by so many of our educators? Why is it that the patrons of the schools, or at least the leading ones of our communities, do not rise up and demand that much of the dead stuff the children are now required to learn at school be cut out of the course of study and courses of study be inaugurated which, while they give the very best mental and moral training, can at the same time be applied immediately to making a living in the everyday life of the everyday community in which the average everyday child, when he grows up, is to live either as a poor citizen or as a good citizen?

If I had the time I could mention many, many instances just like the one I have mentioned about the two very rural counties. At present this work is being done only in spots; it should be universally done. And one of the best things about it is that it takes more effort than it does money; it is a matter not so much of finance as of attitude. It does not need an elaborate equipment, but it does need a consecrated purpose and a profound belief that such work is education of the very best sort—the sort that makes good citizens.

And demonstration work of this kind, linked up with the public schools and made a vital part of the course of study and of the school programme, is not only the very best of education, but it can start at nowhere with nothing and get somewhere with something. Yes, the best thing about it is that it is a method by which it can reach the very poorest adult, or boy, or girl in the community. It does not require on the part of the adult

farmer, or of the boy or girl, any elaborate equipment, any impossible sum of money. It requires nothing in the world but a little piece of land for farm or garden work, and not even that much for the indoor work. Manual training can be started with a boy, a broom-handle and a knife. And it is a fact that when we find a method by which the very poorest and most needy person in a community can improve himself or herself, that method can reach equally well every other citizen in the community, rich or poor. The demonstration method comes nearer than anything else I know to enabling men and women, boys and girls to lift themselves by their own boot-straps.

Schools such as I have described are almost universal in Denmark and in Switzerland. Why, if as many as six people, young or old, in Switzerland, in some of their cantons, apply to the school authorities for some one to teach them how they may learn more about their particular work, a practical teacher is provided. They take a very common-sense view that whatever training will cause those in a community, in any line of industry, to turn out a better product, makes for better citizenship, and so they provide teachers for such purposes. That country, therefore, is one in which the citizens are almost universally efficient, in which the citizens are law-abiding and are much above the average as producers; in which no work that is honest is looked down upon unless it be unworthily or inefficiently done.

The same may be said of Denmark, which by educating the producer rose from utter prostration to become one of the wealthiest countries in the world; and she has done it through her schools. Denmark laughs at the United States and at our boastfulness. She has long since gone over from the sale of cereals to the production of butter, eggs, bacon, meat, etc. She has ceased to sell raw materials, and is rich because she sells the finished product. In thirty years, solely by educating the producer, the value of live stock in that little country has been increased by \$50,000,000, and this does not count the enormously increased value of farm buildings, of up-to-date machinery, or the value of the 1,200 dairies and the co-operative bacon factories that have been erected by the farmers. Thirty-four years ago Denmark exported horses, cattle, butter, eggs and meat to the value of \$19,000,000 a year; to-day \$126,000,000 a year. The people of Denmark are perfectly content, and, in fact, glad to continue buying corn from the United States to feed their stock, so long as they can continue selling butter, bacon, eggs and other specialties to this and other countries. The State of Virginia, my friends, is nearly three times as large as Denmark. How long will we be content in the United States with a school system that is almost universally bookish; that takes its course of study from medieval tradition; that in large measure serves to wean our young people away from the soil?

I have not time to consider the education of the so-called consumer as differentiated from the actual producer. The truth is, everybody is a consumer, and everybody should be a producer of something that is useful, because desired or needed by some one else. The same principle of education, however, should be made applicable everywhere. Suppose we call the man who works on the land a producer, and the man who works in a factory or in a mercantile establishment a consumer. The same principles of education—not the same education, as now—should apply to both. At present we are applying the same education, not the same principles of education. The man who works in the factory or in the shops should have an education that is adapted to his needs as an artisan.

We might take almost any city in the United States as an illustration. It is probably true that at least 98 per cent. of the people of our cities have to work for their living, and that 98 per cent. of their children will have to

do likewise; and yet the course of study is of an academic sort that has not had in view these facts. There should be in our cities, as well as in every town and every community, systems of schools by means of which the children, the young men and women, and the old men and women, if they desire it, may not only learn to read and write and figure, as now, but may also learn to improve and perfect themselves in whatever line of work they may choose, or have already chosen, for making a living. I say to you men who deal in money that while it will cost more in the gross amount to have a school system of this kind, it will not cost anything like so much as is generally believed; and, I say to you further, and without fear of intelligent contradiction, that the efficiency of our citizenship in production in every line will become so much greater that with each succeeding year it will be easier to appropriate increasing amounts for such education. It has been proven mathematically that where the greatest amounts have been spent in educating the producer, the average productive capacity of such producer is in exactly the same ratio greater than where this is not done. Who questions the cost if the product pays a good interest on that cost? Here we are not dealing in uncertain futures, but in futures that are as certain in their returns as anything can be.

I have not prepared this speech simply to try to entertain this distinguished body of men for a short hour. I am endeavoring as best I may, with all the earnestness that I possess, to get the bankers of America behind this matter of educating the producer; behind this matter of insisting that our public school system shall be made to adapt itself to the needs of each individual community, whatever those needs may be; to insist on a saner training; to determine that in every community bankers' associations will encourage our demonstration work in its application to men and women, boys and girls.

The agricultural and mechanical colleges should determine that a very large percentage of our boys and girls in country districts, villages, towns and cities will be enrolled in clubs that will give an outlet to their energies, put a purpose in their hearts and cause them to become capable of independent living by efficient production on the land. There should be organized in the various country communities "Pure Bred Sire Leagues," in order that live stock of every kind may be bred up. God never made a country that could prosper permanently without live stock. That fact should be preached from every platform.

It should be the purpose of the agricultural college through demonstration methods to give practical advice and instruction and help to every man and woman, boy and girl in their States who make a living on or out of the land. We ask your aid, your sympathy and your co-operation.

Especially at this time, when we are on the verge of rural credit banks of one form or another, your Association can be of the greatest assistance. The farmer needs guidance. If he gets the opportunity to borrow on easy terms so as to continue elbow-farming instead of brain-farming, the banks will be a curse to him and not a blessing. If he wishes to borrow money, his borrowed capital should be expended intelligently in order to produce capital, interest and surplus. By co-operating with the demonstration and extension work which is now in the hands of the agricultural colleges, your Association can cause our farming communities to blossom like the rose. Your returns in helping to educate the producer will be enormous. No other single force can wield a greater power for good—for economic prosperity—than your Association.

One other thing and I am done.

The kind of education for which I plead is, in my judgment, fundamental, but let me bring to your attention another thing that is intimately and irrevocably

connected with the education of the producer: The training of Johnny and his father, and of Mary and her mother, to double or quadruple production on the farm and in the garden, will be of little benefit to them if they are to be the victims of exploitation by the land speculator, whose sole purpose in holding land is to make money out of the labors and the increased efficiency of Johnny and his father, and of Mary and her mother.

There is not a State in the Union, so far as I know, that protects Johnny and Mary and their parents from exploitation by land owners who are not land users, and there is not a State in the Union that does not tax the industry of these parents and their children instead of taxing the land so as to force it into use.

In the last analysis the man who owns the land, owns the man on the land. Land area is not increasing, but population is increasing very rapidly, and what will it profit a State, or what will it profit Johnny and Mary, to train them to get more products from an acre of their own if they are to be fined for every new evidence of their industry and efficiency? What will it profit them to get more products from an acre of which they are not the owners, if the owner of that acre at once raises the price or the rent so as to realize a fat interest on Johnny's and Mary's efficiency?

On account of the fact that land area is not increasing, and that the population is increasing, this question is becoming acute. It has more to do to-day with the increased cost of living than any other one thing.

There are tens of thousands of Johnnies and Marys in this country who desire to make a living out of the land. They are being taught by demonstration methods how to double and quadruple the present yield. They will seek—they are already seeking—land on which to make a living by their increased efficiency; but most of these tens of thousands of Johnnies and Marys do not own any land, and Uncle Sam has no more to give them. How are they to get it? Notwithstanding the fact that there are tens of millions of acres of good arable land in this country that are not used, the price of land is

increasing at a rate that is alarming. We have, then, tens of millions of acres of unused land without tillers, and tens of thousands of would-be tillers without land. These acres are held off the market until the man with the price comes along.

It is getting increasingly difficult, my business friends, to explain to Johnny and Mary why the man who uses the land is heavily taxed on his industry, in the shape of horses, cows, hogs, barns, farm machinery, residence, etc., while the man who owns land, but does not use it, is lightly taxed on his idleness.

America has been called the land of opportunities. There is no opportunity except in land, and this has been the land of opportunity only because in the past it has given every seeker an opportunity on the land.

Thousands of the boys and girls about whom I am talking, and for whom I plead, are the forgotten sons and daughters of the fathers and mothers long since forgotten by this great commonwealth. All they need is a chance. We are trying to hold out a helping hand to them.

An agricultural expert said to me recently that he regarded the demonstration work in the South as a "joke," and when I asked him why he thought so, he replied: "Because you have some agents who are not scientific experts." My reply to him, and to all other Pharisees of this type, is that the average farmer needs help now—not ten or twenty years from now, and that we should help him now with whatever agents we can command, striving all the time to prepare and find better ones. To me it is not a "joke," but a tragedy, when I go up and down this State and see our farm lands seamed and scarred with gullies; when I see the soils that have been in the making for centuries washing away to the rivers and to the sea; when I see lands left all the winter exposed like wounds to the elements; when I see men farming with their elbows instead of with their brains. It is tragedy—not a "joke"—and they need our help right now. And we need for our economic salvation to help them right now.

Shall we do it?

Committee and Officers' Reports—Banking Section.

Annual Report of the General Secretary.

NEW YORK CITY, October 5, 1914.

The American Bankers Association:

GENTLEMEN: I respectfully submit my report as General Secretary of the American Bankers Association for the fiscal year ending August 31, 1914.

Referring to the general affairs of the Association during the past year, I call your attention to the detailed information contained in the various reports submitted by other officers of our Association, its Sections and Committees and which have already been made or will be made during the sessions of our Convention.

It is my purpose only to summarize this work in the briefest manner; dealing more fully with matters appertaining directly to my administration of the general business of the Association and its finances, as I am called upon to act.

EXECUTIVE COUNCIL.

With each year there comes a large increase in the membership of the Association and increased attendance at our Annual Conventions, so that it becomes more and more apparent that the Executive Council must transact the business of the Association, as its deliberative body.

This organization, as now constituted with its standing committees (as provided for under the new Constitution) is an admirable body for the transaction of the business of the parent organization.

The Spring Meeting of the Executive Council was held at the Homestead Hotel, Hot Springs, Va., on May 1 and 2, 1914. Almost the entire membership of the Council was present, only a few being unavoidably absent. It was strictly a business session and matters presented for attention were given careful consideration. The meeting was successful in every respect.

The new Council, which will organize at the close of this Convention, will be composed as follows: One year class—26; Two year class—25; Three year class—30; Ex-Officio—11; Total, 92.

During the past year five States have increased their membership so as to entitle them to an additional member on the Executive Council. These States are Pennsylvania, Illinois, Texas, North Dakota and South Dakota. The banner State for membership is New York, with 1,003 enrolled; Pennsylvania second, 925; Illinois third, 914.

I believe our present method of membership on the Council to be the best and that it cannot be improved upon. All States are represented in a fair and impartial manner, on an equitable basis; and the plan provided for under our Constitution (by giving this representation) retains our membership with increasing interest on the part of the various States.

SECTIONS.

The past year has been marked by unusual activity on the part of the various Sections. With each succeeding year the value of these Sections to our organization is more apparent. The Executive Officers of the Sections; the Secretaries; the Educational Director of the American Institute of Banking (Mr. George E. Allen); William J. Henry, President, and P. W. Hall, Secretary of the Secretaries Section, have all been earnest in their efforts to make an excellent record, which I am pleased to say they have done.

The Officers of the Trust Company Section have given close attention to matters in which Trust Companies are interested. Another important event of the year was the Annual Dinner of the Trust Company Section, which was given at the Waldorf-Astoria, on Monday, May 4, 1914. It was, like its predecessors, most successful and had the largest attendance in the history of these functions.

The Savings Bank Section, in addition to its efficient work in everything pertaining to the requirements of the Section, and its members, has been very active in the "thrift" movement, in an endeavor to educate the people (through the press of the country) in the benefits of prudence and in the opening of savings bank accounts.

The importance of savings has been largely exemplified by means of the motion picture movement. The idea originated in the Savings Bank Section, whereby a series of pictures were prepared by the Vitagraph Company; and, of course, received a wide distribution of the reels to all parts of the world.

The Clearing House Section has been particularly active in its field of operations. Its membership has increased and valuable statistics have been received in its office; and the effort to create uniformity among clearing houses (especially in the larger cities) has received a great impetus. Clearing House examiners for cities have also been advocated with good results.

The Clearing House Section has given valuable aid to the Government in the establishment of its Federal Reserve Bank

and Regional Banks and particularly in the field of clearing house operations and in the detail of clearing house work and exchange.

The Annual Convention of the American Institute of Banking was held in the City of Dallas, Texas, on September 22 to 24, 1914. It is the aim of the Institute to progress, and with each Convention there is an apparent increase in interest and larger attendance. Those who were so fortunate as to attend the convention this year are lavish in their expression of appreciation of the hospitality of Dallas and Texas and in the great success of the convention from every standpoint.

The Institute does not lose sight of the fact that it was established for educational purposes; that the financial and moral support of the American Bankers Association was based and is based on the educational feature; and I am glad to report that the Institute is yearly approaching nearer to this ideal.

The movement of the Institute to establish a Health Commission whereby bank clerks, either from old age, poor health or overwork can be benefited in health resorts, at a minimum charge, is a most commendable one. This action of the Institute has the approval of that body, and, in my opinion, should receive the hearty support of the American Bankers Association, as well as banks and bankers of the country at large.

The Secretaries Section has, on all occasions, co-operated with our Association in the important work in which we are engaged. The State Secretaries are loyal to the American Bankers Association and their affiliation with us as a Section is most important.

To Secretaries P. S. Babcock, E. G. McWilliam, O. Howard Wolfe, Educational Director George E. Allen and to William J. Henry and P. W. Hall of the Secretaries Section I wish to extend thanks for their very hearty and wholesome co-operation during the past year and to congratulate them, each individually, on the success of the work in which they are engaged.

JOURNAL-BULLETIN.

The JOURNAL-BULLETIN, combining as it does the JOURNAL of this Association as originally published and the BULLETIN of the American Institute of Banking as originally published, is as a combination much more valuable, giving members of our Association the benefit of the activities of the Institute and in turn furnishing the members of the Institute with full information regarding the American Bankers Association. The circulation of the JOURNAL-BULLETIN is now about 30,000 copies each month.

As to how much value is placed on this publication, we have only to refer to the correspondence in these offices and to expressions received from members in all parts of the country, when I am visiting the various States, regarding the value of the Legal Department and the Protective Department, which can only benefit our members through a publication of this kind.

I do not believe that at the present time the Association should go into the field of publishing a financial magazine, give items regarding banks and bankers, general bank news, personal notices, carry advertising or announce change in titles.

I do believe, however, that the JOURNAL-BULLETIN should be a medium for carrying to our members all information regarding the activities of our Association and carefully prepared articles on banks and banking, and the various ramifications of the Federal Reserve Act. All this is information which bankers seek and desire; and they expect it to be furnished by our Association.

As there has appeared from time to time in some three or four of the financial journals of the United States criticism of our JOURNAL-BULLETIN and of its methods, making the statement that the only publication ever authorized as the official organ of our Association was a Bulletin of News, therefore I quote the resolution adopted at the Spring Meeting of the Executive Council, held in Lakewood, New Jersey, in May, 1908:

"Resolved That the Secretary be and he is hereby instructed to publish a monthly journal, the same to be devoted to the interests of and for the information of the members of the Association."

The statement has also been made and circulated through a few of the financial papers that the JOURNAL-BULLETIN costs our Association \$25,000.00 a year. For the past fiscal year the bills are all paid and the expense, as it appears in our financial statement, is \$15,801.27.

LEGAL DEPARTMENT.

The value of this Department is emphasized yearly by the increased calls upon General Counsel Paton, who has so efficiently filled the position which he has held since 1908. Mr. Paton's report will show that the past year has probably been the most active since the establishment of the Department. This is especially true as applied to the requests from our vast membership for legal opinions.

Mr. Paton's report will cover very fully the work of his office and some of the important matters which have come before him during the fiscal year. Representing the Association, as he does, with particular duties to perform, both in consultation and in the preparation of briefs and various other documents, his work for the Federal Legislative, Law and Insurance Committees has been most valuable. Mr. Paton needs and should have another assistant and he also requires more office space in order to adequately perform the vast amount of work which now comes before him.

STATE ASSOCIATIONS.

There are now 48 State Bankers Associations; and, as reported a year ago, there is only one State without a State Bankers Association. During the past year I have endeavored to create an interest in Rhode Island, among bankers, looking to the organization of a State Association; and I have been advised within the past thirty days that a committee is now appointed and that they hope, following our Convention, an Association will be organized. This will complete the circuit and give us an Association in every State and the District of Columbia.

Coming in contact, as I do by correspondence and also in person, with the State Secretaries and State Associations, I can see annually an increase in the growth of these various organizations, as well as a great increase in their activities. And while some associations naturally (by reason of their size) are more successful and progressive than others, there is no State Bankers Association in the Union which can be called even mediocre.

As in the past, your General Secretary has endeavored, as far as practicable, to visit State Associations, our members in the various States and some kindred organizations. Where not possible to visit conventions, I have attended some State Association banquets, group banquets and American Institute of Banking functions and banquets.

In October of last year I visited Oklahoma, attending the International Dry Farming Congress and there addressing the convention on the subject of "Why the Bankers Are Working with the Farmer." This talk was given wide publicity in the farmers' papers of the country, and, as our Association is engaged in the agricultural movement, I believe it was not without benefit.

I took occasion, while on that trip, to visit a large number of banks in Oklahoma.

On May 15 last I started on a Western trip which lasted six weeks, visiting the State Conventions of Missouri, Kansas, California, Washington, Idaho, Utah and Colorado. I was invited and was on the programme at each of these State Conventions, thereby coming in contact with several thousand bankers—for these conventions were very largely attended and most successful, and abounded in the hospitality bestowed upon their guests.

COMMITTEES.

The Committees of the Association, when called upon, have been most active in their participation in the work of our Association.

The Insurance Committee, having its own office in Richmond, with a Secretary who devotes his time to the interests of the Committee, has had an active year; obtained valuable information; and has been able to protect the interests of members of our Association in connection with the insurance problem. There has been an increased demand for the copyrighted policies issued by our organization.

The Committees on Law and on Federal Legislation will be covered in the report of our General Counsel.

I am indebted to the Administrative Committee for its active participation in the affairs of the Association; thus enabling me the better and more intelligently to administer the multifarious details of our organization.

The Finance Committee, as now constituted with its Sub-Committees, is in better position to analyze the financial features of the Association and intelligently report the same to our Council than ever before; and the special committees appointed at the Hot Springs meeting are prepared to report their findings at this meeting.

CURRENCY COMMISSION.

There seems to have been little call for activity on the part of the Currency Commission during the past year. At the time of our last Convention, banking and currency legislation was practically completed, and, in the final days of Congress, the Federal Reserve Act was passed on December 23, 1913. This legislation received the personal attention of the members of the Currency Commission. I think the provision of the constitution in continuing the Currency Commission indefinitely was most wise. The Commission is composed of experts, men who have been students of banking and finance, and have been active on this Commission for many years. It is among the possibilities that during the coming year, with certain proposed amendments to the Federal Reserve Act, the services of this Commission may be required.

AGRICULTURAL COMMISSION.

The creation of the Agricultural Commission at Boston grew out of the activities of the Committee on Agricultural and Financial Development and Education, which ceased to exist at the Boston Convention. My trip through the Western States, above alluded to, convinced me that the agricultural activities on the part of the Association's banks and bankers are being heartily supported in every section, while the agricultural movement—organized as it was by a special committee of the general Association—should be continued in some form, either through a Committee of the Association, or a Committee of the Executive Council.

PROTECTIVE COMMITTEE.

The Protective Committee is now a standing committee composed of members of our Executive Council. Of necessity, the names of these committeemen must remain secret; consequently, they cannot receive, as individuals, the commendation to which they are entitled for their supervision of the Protective Department and the time they give to consideration of this work of our Association.

The report of the Protective Committee and the report of Manager Gammon to our Executive Council give in detail what has been accomplished during the past year. These reports, with the full report of the William J. Burns International Detective Agency (which is available to members of the Association), should receive careful reading and consideration. It is not expected that any body of men or officials can perform important work without receiving some criticism. I am glad to say, however, and our records will prove the assertion, that the complaints against the Protective Department—managed by Mr. Gammon and the Burns Agency—are very small in number; whereas, on the other hand, this work receives from very many sources unqualified approval.

LIBRARY.

A report of the Library and Reference Department is made by Miss Marian R. Glenn, Librarian, and should command careful study. The growth of the Library and its utility and usefulness has proven the wisdom of establishing this Department. In fact, I think its success has been phenomenal, and without a large expenditure on the part of our Association. We are indebted to many organizations, libraries, bankers and individuals for contributions of books and pamphlets and large quantities of magazines and newspapers whereby we have been able to increase the efficiency of our reference service. The success of the Library has involved painstaking research, enthusiasm and study on the part of our Librarian.

THE NEW CONSTITUTION.

The new Constitution adopted at Boston was a model in its way. Carefully prepared by the late Col. Robert E. James and his Committee, it took the place of a patchwork which had its inception in the organization of the Association in 1875. The general working of the Association during the past year under the new Constitution has been efficient and satisfactory. Any great work, however, like the preparation of a constitution and practicing under it, will not be perfect. It is only practical experience which can remedy the complications as they arise; and you will be called upon to act on several amendments which are now proposed. None of these amendments are serious in nature but refer to details which have developed during the year and which appear to necessitate a change.

THE DEPARTMENT OF PUBLIC RELATIONS.

For two years it has been apparent that the Association should have a publicity department. The man selected for this position should have had broad experience as a newspaper man; a large acquaintance with prominent men of affairs, the press of the country and correspondents, and a knowledge of banking and finance.

The developments of the past few months have emphasized the importance of the work which might be done by a capable representative, in order that bankers of the country (through the press) might receive fuller information regarding new laws, and that business men should be made more fully acquainted with the functions of a bank. It is also probable that a man of this caliber would handle to better advantage the JOURNAL-BULLETIN of our Association.

The Administrative Committee unanimously decided that this feature of the Association's activities should receive immediate attention.

OUR FINANCES.

The report of the Treasurer will show a cash balance on hand of \$20,152.70, as against a balance of \$5,479.29 a year ago. A special effort was made to secure all outstanding bills of the Association, and all bills were paid at the end of the fiscal year, August 31, 1914. There is no Committee nor Section that has a debit balance. The statements which are published make an unusually good showing; in fact, the general

condition of the finances of the Association has not been in as prosperous shape at any period during the past seven years. On September 1st, which is the period for the payment of dues in accordance with our Constitution, this Office prepared for the Treasurer drafts on our members aggregating \$230,030.00 for dues for the ensuing year, which the Treasurer then sent out. There has been some uncertainty in my mind as to just how prompt and how fully these dues would be paid, owing to the general conditions and the European War. The receipts of the Treasurer for the month of September were \$195,235.00. The receipts from drafts for the month of September, 1913, were \$196,500.00 and the 1913 drafts were sent out several days earlier than in 1914. This to me is a favorable showing and at the same time very gratifying—developing as it does the loyalty of our membership.

ROUTINE WORK.

During the fiscal year just ended, August 31, 1914, we sent out from the General Offices, not including Sections, departments and committees, more than 536,000 letters, circular letters, Proceedings, JOURNAL-BULLETINS, etc. The following statement shows the volume of mail and express matter in detail:

FIRST-CLASS MAIL MATTER.

Letters.....	15,387	
Circular Letters.....	72,847	
First-class mail other than letters, such as typewritten lists, printed matter, etc.....	30,463	118,697

SECOND, THIRD AND FOURTH CLASS MAIL MATTER.

Journal-Bulletins, including those of A. I. B.....	353,737	
Codes.....	14,710	
Signs.....	1,163	
Lists of Members in Pamphlet Form.....	15,583	
Packages.....	1,026	
Postal Cards.....	1,713	
Pamphlets.....	15,239	403,171

Total Mail Matter.....	521,868	
Express Packages.....	14,514	

Grand Total..... 536,382

SECTIONS.

Total First-Class Mail Matter.....	35,320	
Total Second-Class Mail Matter.....	27,745	63,074

MEMBERSHIP.

At the close of our fiscal year, August 31, 1913, the membership of our Association numbered 14,100. At the close of the current fiscal year, August 31, 1914, our membership was 14,720, an increase of 620. The following tables will show these facts in detail:

August 30, 1913.....	14,100	
Erased from the rolls through failure, liquidation, consolidation and withdrawal, December 1, 1913.....	894	
Membership.....	13,206	
August 31, 1914, New members joined during the year.....	1,004	
Regained members (secured from the above).....	510	1,514
August 31, 1914, Membership.....	14,720	

A net increase in the fiscal year of.....	620	
A net loss for the year in failures, consolidations, etc.....	164	
A net loss for the year in delinquents.....	220	384
Making the actual gain in new members.....	1,004	

It is to be observed that the list of delinquents is exceedingly small, considering our large membership. The aggregate capital, surplus and deposits of our membership amount in round numbers to about \$15,000,000,000.

The membership and resources of the Association have increased as follows:

Paid Membership.	Annual Dues.	
September 1, 1875 1,600.....	\$11,606.00	
September 1, 1885 1,395.....	10,940.00	
September 1, 1895 1,570.....	12,975.00	
August 31, 1905 7,677.....	127,750.00	
August 31, 1906 8,383.....	137,600.00	
August 31, 1907 9,251.....	150,795.00	
August 31, 1908 9,803.....	162,507.00	
August 31, 1909 10,682.....	175,352.00	
August 31, 1910 11,405.....	188,934.00	
August 31, 1911 12,072.....	198,530.00	
August 31, 1912 13,323.....	213,752.50	
August 31, 1913 14,100.....	229,324.48	
August 31, 1914 14,720 (estimated).....	239,406.00	
Interest on Bonds and Corporate Stock.....	\$4,730.00	
Interest on Bank Balances (estimated).....	2,300.00	
Estimated Annual Dues for fiscal year ending August 31, 1915....	239,406.00	
Making total income, year ending August 31, 1915.....	\$246,436.00	

MEMBERSHIP BY YEARS.

Year.	Membership.	Gross Loss by Failures, Merger, Delinquents, &c.	Net Loss by Failures, Merger, Delinquents, &c.	Gross Gain.	Net Gain
1897	2,813	371	...	982	611
1898	3,424	248	...	783	535
1899	3,915	211	...	741	530
1900	4,500	234	...	819	585
1901	5,504	200	...	1,313	1,113
1902	6,354	186	...	1,159	973
1903	7,065	313	...	1,139	826
1904	7,563	500	...	1,120	620
1905	7,677	1,038	...	1,152	114
1906	8,383	337	...	1,043	706
1907	9,251	434	...	1,302	868
1908	9,803	691	...	1,243	552
1909	10,682	760	374	1,639	879
1910	11,405	781	298	1,504	723
1911	12,072	1,304	405	1,971	667
1912	13,323	790	330	2,041	1,251
1913	14,100	744	359	1,521	777
1914	14,720	894	384	1,514	620

MEMBERSHIP OF STATES AND TERRITORIES HAVING LESS THAN 100 MEMBERS.

(As of August 31, 1914.)

Alaska.....	13	Canada.....	45
Arizona.....	63	Cuba.....	24
Delaware.....	40	Hawaii.....	16
Nevada.....	27	Isle of Pines.....	2
New Hampshire.....	66	Porto Rico.....	4
New Mexico.....	66	Mexico.....	20
Rhode Island.....	46	Philippine Islands.....	3
Utah.....	77		
Vermont.....	79		
Wyoming.....	83	Total.....	674

MEMBERSHIP.

DIVISION OF BANKS IN ASSOCIATION, AUGUST 31, 1914.

State or Territory.	Nat'l.	State.	Private.	Trust Co.'s.	Sav. Bks.	Total.
Alabama.....	57	83	2	23	9	174
Alaska.....	2	10	1	0	0	13
Arizona.....	12	32	0	18	1	63
Arkansas.....	43	159	2	30	2	236
California.....	199	286	8	34	79	606
Colorado.....	108	83	9	18	8	226
Connecticut.....	70	11	8	37	48	174
Delaware.....	21	1	1	15	2	40
District of Columbia.....	13	3	6	8	15	45
Florida.....	51	117	5	11	4	188
Georgia.....	85	292	8	19	14	418
Idaho.....	45	74	1	9	1	130
Illinois.....	315	267	222	73	37	914
Indiana.....	149	149	40	50	3	391
Iowa.....	186	141	52	13	185	577
Kansas.....	172	405	2	4	5	588
Kentucky.....	71	77	1	22	4	175
Louisiana.....	32	129	1	22	5	189
Maine.....	55	0	0	34	20	109
Maryland.....	81	32	26	21	27	187
Massachusetts.....	155	2	31	51	103	342
Michigan.....	85	148	45	8	156	442
Minnesota.....	172	245	9	4	6	436
Mississippi.....	32	126	0	13	2	173
Missouri.....	89	345	23	40	32	529
Montana.....	51	130	19	9	2	211
Nebraska.....	145	221	4	7	2	379
Nevada.....	10	16	0	1	0	27
New Hampshire.....	46	1	0	6	13	66
New Jersey.....	178	25	3	93	18	317
New Mexico.....	36	21	1	7	1	66
New York.....	397	254	172	90	90	1,003
North Carolina.....	57	87	1	30	6	181
North Dakota.....	102	194	0	3	3	302
Ohio.....	229	127	66	52	108	582
Oklahoma.....	186	194	0	10	1	391
Oregon.....	69	79	12	12	6	178
Pennsylvania.....	563	89	55	183	35	925
Rhode Island.....	17	1	2	19	7	46
South Carolina.....	27	118	1	10	16	172
South Dakota.....	83	202	3	7	6	301
Tennessee.....	69	127	1	56	8	261
Texas.....	274	150	27	50	1	502
Utah.....	22	39	4	4	8	77
Vermont.....	43	0	0	22	14	79
Virginia.....	92	108	12	14	9	235
Washington.....	70	187	21	26	7	311
West Virginia.....	80	85	2	16	5	188
Wisconsin.....	114	214	2	10	18	358
Wyoming.....	32	45	1	5	0	83
Canada.....	0	43	2	0	0	45
Cuba.....	1	19	3	1	0	24
Hawaii.....	4	6	2	4	0	16
Isle of Pines.....	1	1	0	0	0	2
Porto Rico.....	0	3	1	0	0	4
Mexico.....	0	19	1	0	0	20
Philippine Islands.....	0	3	0	0	0	3
	5,298	6,025	921	1,324	1,152	14,720

IN MEMORIAM.

A grateful Association shows its appreciation of the services of its officials, past and present, whether in life or when these officials have passed to the beyond.

It seems appropriate to call your attention to the death of Col. Robert E. James, a Member of our Executive Council, Chairman of important Committees, and whose last great work for the Association was the compilation of our new Constitution. Colonel James died at his home in Easton, Pennsylvania, November 10, 1913.

In life he was beloved, in death mourned by the large circle of his friends.

P. C. Kauffman, of Tacoma, Washington, died April 8, 1914. Mr. Kauffman was Treasurer of the American Bankers Association 1908-1909; he was also a Member of the Executive Council and served three years from 1901. At the time of his death he was a Member of the Executive Committee of the Trust Company Section, and had been Secretary of the Washington Bankers Association since 1901.

Mr. Kauffman was always efficient in the performance of the duties assigned to him and served faithfully on committee appointments, as well as in other official positions. His loss was mourned by his many friends in all parts of the United States.

APPRECIATION.

The General Secretary again takes great pleasure in expressing his appreciation of the valuable assistance and courtesy extended to him by the Executive Council, Committees, Sections and officers of the Association. And he is grateful to the general membership of the Association for its loyal support, friendly letters and warm welcome when brought in personal contact with the bankers throughout the country.

My relations with President Reynolds have been most cordial and congenial; his keen interest in the affairs of the Association and his valuable consideration has been a great help to me in the execution of the duties I am called upon to perform. And to Treasurer Hoopes, Assistant Secretary Fitzwilson and the employees of this Association in the General Offices I wish to express my sincere assurance of appreciation.

RICHMOND.

The Convention of our Association now being held in Richmond is the fortieth in the history of our organization, and the second Convention to be held in the City of Richmond—our Twenty-sixth Convention having met here in 1900.

The Convention of 1900 was a pronounced success with Southern hospitality unbounded. The annals of the social features of the Convention call to mind the entertainment given by Mr. John P. Branch, who to-day is still active despite his advanced years, and now the dean of the profession in Richmond, if not in the State of Virginia, and who will, with all bankers of Richmond, extend the warm hand of welcome.

The Association in those days numbered 4,500 members and the assets of its membership were six and a half billion dollars. The annual dues of the Association amounted to \$61,200.00. At this Convention there was a registration of about 1,200. The Convention was presided over by Walker Hill, of St. Louis, Missouri, and Alvah Trowbridge (deceased), of New York, was elected President. Of those in attendance at that time many have answered the roll call to the great beyond, some of whom have held high position in the American Bankers Association.

No doubt the most important event of the Richmond Convention of 1900 was the report of the Committee on Education, Mr. W. C. Cornwell, Chairman, whereby the Convention unanimously approved of an Institute for bank clerks, which is now the American Institute of Banking and one of the most valuable and progressive adjuncts of our Association.

In this fortieth year of our organization and the establishment of the Federal Reserve System, with all that it means to the banking interests of the country, and having in mind the strenuous campaign which has been waged by the American Bankers Association for many years, to bring about new laws which would give to us a banking system in keeping with the wealth and growth of our great country, and which has not had any banking and currency legislation of any importance for fifty years, it does not seem inappropriate at this time to refer to some of the predecessors of the American Bankers Association in organization.

On April 11, 1838, and following days, a meeting of bankers was held in the city of New York. There were present 143 delegates, representing 18 States. This conference lasted several days. You will note that this was shortly after the panic of 1837 and was called for the purpose of securing co-operation between banks and the Government to bring about specie payments and to restore the currency to a sound condition.

The records show also, that one of the objects of the conference was to overcome, if possible, the statements emanating from the public press that the Government and Treasury Department were showing a hostile disposition towards the banks; and to retard, if not prevent, their resumption of specie payments.

The records further show that Virginia was represented by John Brockenbrough, Hugh Mercer, William H. MacFarland and Henry M. Brent. This information is gleaned from the Finan-

cial Register of the United States, which is one of the valuable volumes in the library of our Association.

We are now convened in the City of Richmond, one of the live, energetic and progressive cities of a United Union, noted in history as one of the most interesting cities in the United States; embodying the early struggles of the colonists; surrounded by important points of interest in the Revolutionary War; and on the very site of the conflict of the Civil War; near by the legendary scene of the romance of Pocahontas and John Smith; still possessing old St. John's Church, where Patrick Henry made his famous oration and that immortal declaration, "Give me liberty or give me death." Noted for Jamestown, the first English settlement in America.

Richmond is beautifully located on the James River, and, like Rome in ancient times, on seven hills, with many beautiful parks graced by artistic monuments marking great men and events.

I have received from the bankers of Richmond, composing the local committees, the most hearty co-operation in the arrangement of details, and, without minimizing the superb hospitality of other cities by whom we have heretofore been entertained, I know we will enjoy to the fullest measure the true Southern hospitality and every attention of the people to make our visit most enjoyable.

To the Clearing House Association of Richmond and its associated banks, I know I will express the wishes of our members when I say to you—we thank you for your unremitting labors and kindness in our behalf.

Respectfully submitted,

FREDERICK E. FARNSWORTH,
General Secretary.

Report of the Treasurer.

GALVESTON, TEXAS, October 2, 1914.

TO THE MEMBERS OF THE EXECUTIVE COUNCIL AND THE AMERICAN BANKERS ASSOCIATION.

MR. PRESIDENT: I have the honor to submit herewith my first annual report as Treasurer of this Association, showing the financial conditions of the organization at the end of the fiscal year, August 31, 1914; and, while of necessity this report is somewhat lengthy and contains much in detail, I feel that this detailed information is of so much interest to our members generally that I trust it will be examined by them closely and it will give them a much better knowledge of the work that is being done and of the excellent results obtained.

Especially gratifying is the fact that the cash on hand at the end of the present fiscal year is approximately \$15,000 larger than has been shown since 1907. This is shown despite the fact that there has been required decidedly greater expenditure in rendering that efficient service which has been one of the means of bringing the Association its vast growth in membership. To my mind this reflects great credit upon the active officers of our organization and to the various committees, to whom the detail work has been entrusted, and I feel sure that our membership will join with me in extending to each and every one of them our thanks for their efficient services.

In accordance with what has been the custom for years, the Association has kept its surplus funds invested in high grade securities. These are in the custody of the Bankers Trust Company, New York, under control of the Executive Council. The interest on these securities has been collected by the Trust Company regularly, remitted to me and credited to the Association's account. A list of the securities held are as follows:

\$12,000 Chicago, Burlington & Quincy Joint 4's of 1921.
\$30,000 Atchison, Topeka & Santa Fe 4% Bonds of 1995.
\$50,000 Chicago, Burlington & Quincy, Illinois Division, 4% Bonds of 1949
\$30,000 New York City Registered Corporation Stock 3½%, due 1940.

I wish it were possible for me to adequately express my sincere appreciation of the never failing and hearty co-operation and assistance that has been given me by the various officers of the Association, and especially do I wish to compliment, in highest terms, the systematic manner in which the many details are handled in the General Secretary's office.

One who has never handled the Treasurer's office can hardly appreciate what valuable and cheerful service this Department of the Association renders.

In August, 1914, the Treasurer received from the Secretary's office 14,267 drafts on account of the dues for the current year. These drafts aggregated \$230,030.00. In line with the provisions of our Constitution, these were all dated September 1, 1914, and mailed to various members on that day for collections and returns, and at this writing I am pleased to advise that all but a small percentage have been collected.

Respectfully submitted,

J. W. HOOPES,
Treasurer.

Annual Report of General Counsel, Thomas B. Paton.

A broad survey of the work of the General Counsel during the current year would include activities before Congressional committees and services in Washington as the active agent and attorney for the Committee on Federal Legislation; work under

the auspices of the Committee on Law in promotion of the State legislation recommended by the Association; acting as legal adviser and draftsman in various matters which have arisen in connection with the affairs of the Sections and of the Protective, Insurance and other Committees and of officers of the Association; a large and varied opinion and information-giving correspondence with the general membership; the making of a number of addresses in connection with the Association work and a study of the general situation, especially with reference to the need of reform of the laws relating to banking and commercial subjects, with the view of framing additional legislation which will simplify, unify and make certain the rules on many matters of banking procedure and on many subjects wherein the law is at present uncertain, conflicting or inadequate.

CONGRESS.

Income Tax.—On October 3, 1913, just five days prior to the opening of our last Annual Convention, the President approved the Federal Income Tax law, which was part of the tariff bill. In my last annual report I referred to the efforts which had been made before Committees of Congress to secure modifications of the bill, while in its making. These were successful to the extent of causing (1) the exemption of mutual savings banks, and (2) a change of phraseology so as to make it clear that a bank was not compelled to deduct the tax at source from interest paid on deposits; but we did not succeed in the larger effort to eliminate entirely the provisions as to withholding at source, nor to restrict such provisions to the mere giving of information at source without requiring the income-payer to become a gratuitous collecting agent for the Government. Immediately following the passage of the bill, General Counsel was called upon from many sources to aid in its proper interpretation with respect to the duties of banks at source of income and to help solve many questions of immediate urgency until the publication of regulations and interpretations by the Treasury Department cleared up many doubtful questions. Various suggestions have come to the Association with reference to testing the constitutionality of the law in the courts and also attempting to procure its amendment, either by repeal of the collection at source feature or by a modification of that feature to provide solely for information at source. These suggestions were considered by our Committee on Federal Legislation at a meeting last Spring and it was decided that the Association should not take the initiative or be identified with any proceeding to test the constitutionality of the Act in the courts, but that an amendment should be urged doing away with the collection at source feature entirely or, if that could not be attained, then the policy of the Association should be to procure an amendment providing for information at source, eliminating deduction and collection, and also to simplify the provisions of the law. A number of bills have been introduced in Congress along these lines, but it has been impossible, at this session, to procure any attention to these measures.

Federal Reserve Act.—The Federal Reserve Act was approved December 23, 1913, and the chief function of General Counsel has been the interpretation of various provisions of the Act at the request of members of the Association. Reports of the amendments which have been made to this Act have been conveyed to members through the pages of the JOURNAL-BULLETIN.

Interlocking Bank Directorates.—In the latter part of January, in pursuance of Anti-Trust recommendations of the President, "Tentative Print Number 3" was prepared for consideration of the House Committee on Judiciary which held hearings thereon in February and March. As originally framed the tentative bill prohibited, after two years, a person from at the same time being director, officer or employee of two or more national or other banks, members of the Federal Reserve System, and also prohibited a private banker and a director in any State bank or trust company from being a director in any national or other bank, member of a Federal Reserve bank. These original provisions, it will be observed, were very broad and sweeping, having no regard to size or locality of the banks affected. Your Counsel, acting under authority of the Committee on Federal Legislation, made a number of visits to Washington in February and March and discussed and opposed these provisions both with individual Congressmen and at the hearings, and later our entire membership was circularized and urged to co-operate in attempting to secure a modification or elimination of the Interlocking Directorate provisions. As a result of the hearings the Clayton bill, H. R. 15,657, was introduced in the House on April 14, reported from the House Judiciary Committee in revised form on May 6th, passed the House on June 5th, and was referred to the Senate Committee on Judiciary. The bill as it passed the House eliminated mutual savings banks and its original drastic provisions were otherwise modified as follows, though still unsatisfactory to the banks: As to banks generally, irrespective of locality, it prohibited (a) a person from at the same time being an officer or director of two or more national banks where either had capital, deposits, etc., aggregating more than \$2,500,000; (b) a private banker or director in a State bank having capital, deposits, etc., aggregating more than \$2,500,000 from being a di-

rector in a national bank. It contained, however, special provisions applicable to cities exceeding 100,000 population, of which there are 61 in the United States, substantially to the effect that no director or officer of a national bank could be a private banker nor in any other bank in the same place other than a mutual savings bank, except that he might be in not more than one other bank or trust company, when the entire capital of one was owned by stockholders of the other. There was a further provision barring common officers or directors of banks and of common carriers under certain conditions.

While the bill was pending before the Senate Committee on Judiciary, your Counsel filed a brief in behalf of the Association which contained arguments showing that the provisions as drawn went far beyond the purpose and intent of the Anti-Trust laws and would work great injury and injustice to hundreds of banks and bank officers in institutions which were non-competitive and where there was not the slightest possibility of the existence of any such evils as the law was proposed to remedy. After pointing out the various ways the provisions would injuriously operate, the entire elimination of such provisions was urged as being unnecessary or as an alternative that the Federal Reserve Board be given power to require resignations of officers in competitive institutions in case any abuses from the undue control or concentration of credit were found to exist. The brief urged that as the general tenor of the proposed legislation was in regulation of the eligibility or qualifications of officers or directors of national banks, if any further provisions were necessary their most appropriate form would be by way of amendment of the Banking Act rather than by incorporation in an Anti-Trust bill.

On July 22 the Senate Judiciary Committee reported the bill to the Senate, recommending the entire elimination of the provisions as to Interlocking Bank Directors. In its report the Committee said: "A Senate amendment to this section strikes out the entire paragraph which relates to interlocking directorates of banks and trust companies. In proposing this amendment a majority of the Committee believed that such legislation as this more properly belongs to the domain of banking rather than of commerce and such additional regulation of bank directorates as may be wise and just should be made by amendments to the national bank acts, and the enforcement of it given to the Comptroller of the Currency and the Federal Reserve Board."

On September 2d the Senate passed the bill in accordance with the recommendations of the Committee, all provisions prohibiting Interlocking Directorates of Banks being eliminated, as well as the provisions against common directors of railroads and banks. This action, following the result of a long campaign against these provisions was, of course, most gratifying to our Committee on Federal Legislation and to the banks of the country.

On September 22 our Committee was surprised to learn that the Senate Conferees on the Clayton bill had yielded to the House Conferees and agreed to put back the Interlocking Bank Directorate provisions as the same had passed the House. Your Counsel immediately visited Washington and on September 23 had interviews with some of the House Conferees in which he urged the injurious results of such action, but the utmost concession made was to enlarge the capital and deposit limitation to \$5,000,000, and the special provisions as to cities by making them apply to cities having over 200,000 instead of 100,000 population. On the afternoon of September 23 the report of the Committee of Conference, as agreed upon, was presented to the Senate. All the Clearing House Associations and State Bankers Associations were immediately notified of the action taken and urged to use all legitimate means in endeavoring to procure a reconsideration of the subject. Your Counsel also wired an argument to the Vice-President of the United States against the injustice and impolicy of the provisions of the House bill and urging that they be eliminated. This was read before the Senate on September 30. A copy of this argument, together with his brief before the Senate Judiciary Committee, was also forwarded to every Senator. The Senate, however, on October 5, by a vote of 35 to 25, denied a motion to re-commit the bill and then adopted the report of the Conference Committee by a vote of 35 to 24. The House accepted the Conference Committee report October 8 by a vote of 244 to 54, and the provisions relating to interlocking bank directorates become effective two years from the date of the President's approval of the Act.

Emergency Revenue. On September 21 a bill to increase the internal revenue (H. R. 18891), known as the Emergency Revenue bill was introduced in the House and referred to the Committee on Ways and Means. One of its provisions imposed on and after November 1 an annual special tax on banks of \$2.00 for each one thousand dollars of capital, including surplus and undivided profits. Our Administrative Committee having determined that this tax should be opposed, your Counsel, acting under the authority of the Committee on Federal Legislation, proceeded to Washington and filed with the Committee on Ways and Means a protest against the injustice of the proposed tax for the reason that it singled out one class of corporations instead of spreading the burden over all corporations alike and

was therefore discriminatory and unfair. It was stated that, in these critical times especially, where the banks have come loyally to the support of the Government and have been straining every resource to help the situation, they should be given all assistance possible instead of being penalized by discriminatory legislation; that there was no disposition among the banks to escape their fair share of the burden of taxation, but protest was entered against a provision which placed an undue share of this burden upon banking corporations solely and relieved all other corporations from the necessity of contributing their proportionate share. It was therefore urged that the provisions be readjusted so that the amount of revenue which it is estimated will be derived from this tax on bank capital be assessed proportionately upon the capital stock of all classes of corporations, including the banks. Advice of this protest was wired by the General Secretary to all the Clearing Houses and State Bankers Associations throughout the country, and independent protests by many of these bodies and by individual bankers have been forwarded to Congress and to Senators and Representatives. The bill passed the House on September 25 and went to the Senate, where on September 26 it was referred to the Committee on Finance. Numerous protests were filed with this Committee, which allowed no public hearings on the measure, and the latest information obtainable is that the bank tax provision was referred to a sub-committee, who reported in favor of eliminating it and substituting a tax on negotiable instruments, but that the full committee rejected this recommendation and decided to retain the tax on bank capital.

Other Congressional Legislation. Acting on behalf of the Committee on Federal Legislation, your Counsel has kept track of all measures introduced in Congress during the present session relating to or affecting banks. This has involved the examination of several hundred bills, original and amendatory, the great majority of which have progressed no further than reference to a particular committee; but the progress of a number of measures has had to be carefully followed and their development watched, including bills relating to postal savings banks, agricultural banks and credits, guaranty of deposits, cumulative voting for bank directors and many other subjects. This report will not be lengthened by a detailed enumeration of all these measures. Throughout, your Counsel has kept in touch with the Committee on Federal Legislation, advising them of the various measures and being guided by their advice and judgment. One of the important measures advocated by this Association, the Pomerene bill relating to Bills of Lading (S. 387), unanimously passed the Senate on June 6, but it has been impossible to procure any action thereon by the House Committee on Interstate and Foreign Commerce at the present session. On this same subject of Bills of Lading, your Counsel on January 17 filed an exhaustive brief in a proceeding pending before the Interstate Commerce Commission, the main object of which was to harmonize differences looking to the ultimate adoption of the Uniform Bill of Lading covering the entire country, both for rail and water carriers. While the Uniform bill has been adopted and used by carriers generally in Official Classification and Western Territory and to some extent by carriers in Southern Territory, other carriers have used what has been called the "Revised Standard Bill of Lading," which to some extent is different from the Uniform bill. The main differences sought to be reconciled have had to do with conditions on the back of the bill, being matters primarily of importance to the shippers. But some of the Southern carriers attempted to induce the Commission to insert on the face of the Order bill of lading a clause which would materially restrict its negotiability, and the brief filed was in opposition to any such restriction. The restriction has not been made.

STATE LEGISLATION.

In the promotion of State legislation recommended by this Association, your Counsel, acting for the Committee on Law, has placed in the hands of Secretaries and Committeemen of State Bankers Associations drafts of proposed laws on recommended subjects and has co-operated with such Associations in securing the passage of such laws, conducting a varied correspondence with members of legislatures and interested persons in such States and in numerous other ways. The Uniform Negotiable Instruments Act has been passed in South Carolina during the present year and only five States are now without this law, namely, Maine, Georgia, Mississippi, California and Texas. The Uniform Bills of Lading Act has been passed this year by the legislature of Rhode Island. Several other of our Association measures have been passed in the different States, and a full statement of this legislation will be given in the Report of the Committee on Law. Your Counsel has also been engaged in preparing for the Committee drafts of proposed laws on a number of new subjects wherein legislation is thought to be desirable.

SECTIONS AND COMMITTEES.

Your Counsel has acted in an advisory capacity to the Executive Committees and Secretaries of the different Sections upon various legal propositions that from time to time have arisen in connection with the progress of their work. He has also been constantly consulted by the Protective Committee on

questions of criminal law and procedure and has worked with the Insurance Committee on a number of matters in which his services have been required.

GENERAL MEMBERSHIP.

As has been mentioned in previous reports, a very large part of the time of Counsel is devoted to the furnishing of legal information and the rendering of opinions to the members of the Association upon submitted questions arising in the conduct of their business. Several hundred written opinions have been given during the year—425 to be exact—and about one-half of these, on matters of more general interest, have been published in the monthly issues of the JOURNAL. On matters of this nature, your Counsel is also frequently consulted personally, over the telephone and by wire. During the year four addresses have been made in connection with Association work. One at Buffalo on October 24, when an address was delivered before the Annual Meeting of the National Tax Association upon the State taxation of banks, in which the conditions in the various States were summarized; another before Group 1 of the New Jersey Bankers Association at New Brunswick, on October 30, where the provisions of the new Income Tax Law were discussed; a third on April 15 before the Arkansas Bankers Association at Little Rock, Arkansas, where the provisions of the Negotiable Instruments Act were reviewed and explained, and a fourth at the Illinois Bankers Convention on September 2, where the need for uniformity in the laws governing the collection of bank checks was discussed.

Report of the Library and Reference Department.

MARIAN R. GLENN, Librarian.

An increase, during the past year, of 56 per cent. in the number of inquiries answered, and of 62 per cent. in the number of loans, indicates the growing use which Association members are making of the Library and Reference Department as a bureau of information. Since the last report more than 4,000 loans have been made to bankers in forty-three States, and hundreds of questions on banking and currency subjects answered, to which the Association was not equipped to respond until the creation of the Department three years ago.

One of the Library's problems is how to make its resources better known to bankers who can relate it to the business of banking in a practical way when they better understand the nature of its services. Much of the increased use of the Library, in the past year, is doubtless due to the sending out of 10,000 special publicity notices through the Secretaries of the various State Bankers Associations, and the publication of articles in financial papers, as well as the continuance of reference lists in the JOURNAL-BULLETIN and co-operation with other libraries in the preparation of bibliographies on financial subjects. The experiment, which will be repeated this year, of keeping the Library open on Saturday for bank men who cannot come during banking hours, also increased the use of debate and essay material by A. I. B. students, and the reading of bank clerks on the work of their departments.

That the growth of the Library's reference resources is keeping pace with its increased use is indicated by the addition of 10,500 articles, or 65 per cent. more than last year, to the Traveling Loan Collection, which now numbers nearly 23,000 pamphlets, clippings, addresses, bank pictures, etc.; 2,700 clippings were also added to the currency clipping collection.

The practise of loaning books by mail was begun for the first time this year, and has met with sufficient response to warrant the duplication, for that purpose, of the standard books on banking. Appropriations for book purchase, however, remain so inadequate that the Library still lacks important reference works which should be part of its equipment. Of the 422 additions made this past year to the book collection, which now numbers about 2,200 volumes, only one-third were purchased.

Since January 1, 1914, a daily index has been made to the 120 financial periodicals received at the Library. This feature has more than doubled the work of cataloguing and filing, but it affords an invaluable means of quickly finding fugitive facts and dates that are constantly being asked for.

The daily index also gives the Library a very complete record of all references in financial publications to the new banking system. The value of this, and of the chronological press clipping history which now consists of twelve volumes of comment and controversy regarding the Federal Reserve Act, will be more fully appreciated as the system develops, and it becomes recognized that the Association Library is the only place where so complete a chronicle has been preserved.

To summarize briefly for the benefit of new members and those who may not have read previous reports, it may be said that in the Library and Reference Department the American Bankers Association has:

A BUREAU OF INFORMATION which answers questions from Association members on banking, currency and general business subjects.

A REFERENCE SERVICE for securing special information wanted by bankers, either for use in their daily business, or for legislative arguments, convention addresses, or A. I. B. dis-

cussions; new ideas in bank management or advertising; and general study purposes of bank officers and clerks.

A BOOK COLLECTION of about 2,200 volumes on money and banking, including bound financial periodicals, government documents and statistical manuals.

A TRAVELING LOAN COLLECTION of nearly 23,000 banking and currency articles, addresses, pamphlets, monographs, mounted clippings, magazine excerpts, etc., containing information on banking practise which would otherwise be unobtainable from any one source, as it cannot be had in book form.

A CARD CATALOGUE INDEX of all books, bankers' association proceedings, bound sets of financial periodicals, Comptroller's reports, government publications, bank commissioners' reports, bank histories, statistical sources and reference books in the library.

A complete RECORD of the FEDERAL RESERVE SYSTEM in the form of thousands of press clippings arranged to form a chronological history of currency controversy since 1907; pamphlets; a loan collection of mounted clippings; and a daily index of all references in financial periodicals to the new Banking and Currency system since its enactment.

Report of the Protective Committee.

New York, August 31, 1914.

To the Executive Council and Members of the American Bankers Association:

The Protective Committee submits herewith its annual report for the period covered from September 1, 1913, to August 31, 1914.

FINANCIAL STATEMENT.

A detailed statement will be published in the pamphlet containing financial statements, covering all bills and expenses for the past twelve months and showing a credit balance.

ARRESTS, ETC.

For the period from September 1, 1913, up to and including August 31, 1914, the Committee begs to report as to its operations against criminals, as follows:

Total cases not disposed of, arrested prior to Sept. 1, 1913.....	143
Total arrests since Sept. 1, 1913, to August 31, 1914.....	308
	451
Convicted.....	261
Released, escaped, insane and died.....	94
	355
Awaiting trial.....	96

By comparing the number of arrests and convictions this year with those of last year, it will be seen that there were eight less arrests and sixty-two more convictions this year than last year.

Since the beginning of the fiscal year, September 1, 1913, up to and including August 31, 1914, there have been 38 burglaries, attempted burglaries, hold-ups and sneak thefts reported on members and 57 similar crimes on non-members, as follows:

	Mem- bers.	Non- members.		Mem- bers.	Non- members.
Alabama.....	1	..	Nebraska.....	1	..
Arkansas.....	4	5	New Jersey.....	1	..
California.....	3	6	New York.....	1	1
Colorado.....	1	1	North Dakota.....	1	1
Florida.....	1	1	Ohio.....	1	..
Georgia.....	5	3	Oklahoma.....	..	5
Illinois.....	3	8	Oregon.....	..	1
Iowa.....	..	4	Pennsylvania.....	1	2
Kentucky.....	..	1	South Dakota.....	1	1
Louisiana.....	3	2	Texas.....	..	4
Michigan.....	2	1	Washington.....	4	..
Minnesota.....	1	3	West Virginia.....	1	..
Mississippi.....	3	2	Wisconsin.....	..	3
Missouri.....	2	1			

Of the 38 attacks on members, 10 were successful burglaries, 18 unsuccessful burglaries, 7 hold-ups and 3 sneak thefts.

Of the 57 attacks on non-members, 25 were successful burglaries, 15 unsuccessful burglaries and 17 hold-ups.

The loss sustained by members was \$18,438.16 in connection with the burglaries, while the loss sustained by non-members amounted to \$75,785.05.

The loss sustained by members in hold-ups and sneak thefts was \$24,649.81, while the loss sustained by non-members amounted to \$15,437.36.

Our members as a rule report all attacks on them, also the exact loss sustained; while on the other hand, non-members rarely report attacks made on them or the loss sustained, with the result that we do not obtain a record of some of these attacks or losses sustained.

The following figures are given for your information of reported and attempted burglaries on banks since the inauguration of the Protective Feature, such as are known:

Non-Members.....	1,468	Loss.....	\$2,108,276.08
Members.....	395	Loss.....	247,051.33
Difference.....	1,073		\$1,861,224.75

FORGERS AND BOGUS CHECK OPERATORS.

There has been no marked increase in the number of forgers and bogus check operators as far as the professional operators are concerned for the past twelve months. In fact, practically two-thirds of the cases reported are the operations of amateurs.

CORRESPONDENCE.

During the past twelve months, ending August 31, 1914, the Protective Department has received 20,727 reports and other communications from our Detective Agents. The Department has also received 1,089 letters and telegrams and written 5,972 letters and telegrams. These figures do not include circular letters and similar communications.

PHOTOGRAPHS.

The Department now has 4,000 photographs of criminals, comprising "Yegg" burglars, hold-up men, sneak thieves, forgers and bogus check operators, with a complete record of each.

OFFICES OF OUR DETECTIVE AGENTS.

The Wm. J. Burns International Detective Agency, Inc., now have 21 offices of their own in this country, as follows:

Birmingham, Alabama; Los Angeles and San Francisco, California; Denver, Colorado; Chicago, Illinois; New Orleans, Louisiana; Baltimore, Maryland; Boston, Massachusetts; Detroit, Michigan; Minneapolis and St. Paul, Minnesota; Kansas City and St. Louis, Missouri; Buffalo and New York City, New York; Cleveland, Ohio; Portland, Oregon; Philadelphia and Pittsburgh, Pennsylvania; Houston, Texas, and Seattle, Washington, and one correspondent at Des Moines, Iowa.

They also have offices of their own in London, England; Paris, France; Brussels, Belgium, and Montreal, Canada.

A DEATH-BLOW TO NOTE KITERS.

By far the most important criminal case in the history of the Association, and one which interests our banks of discount more than any other, has resulted in the conviction in the United States District Court for the Northern District of New York at Watertown, New York, on August 28, 1914, of Max M. Hart and others who have in the past, through note-kiting operations, inflicted serious losses upon the banks of the country. The case, which was tried before Hon. George W. Ray, District Judge, was that of the United States vs. Max M. Hart and Adolph E. Wupperman of New York City, Frank W. Fowler of Pittsburgh, Pennsylvania, and Andrew S. Work of Chicago, who were jointly indicted at Syracuse, New York, at the April, 1914, term of the United States Court for conspiracy and fraudulent use of the mails. An article appeared in our JUNE JOURNAL-BULLETIN on page 634 relative to this indictment. A jury was drawn and empanelled on July 9, 1914, and the trial lasted until August 28, 1914, when the jury brought in the verdict of guilty on the charge of fraudulent use of the mails. This is the first case that we are able to learn of where a conviction has taken place or even a trial prosecuted growing out of the kiting of notes.

Max M. Hart has been very active for a great many years in connection with the bankruptcy proceedings of various firms and corporations where he was directly or indirectly interested. There was but one result when Max M. Hart appeared on the scene, and that was the bankruptcy court. He appeared to be immune from prosecution up to this time. In 1909 and 1910 Hart was directly or indirectly interested in a large number of corporations that went into bankruptcy, and the banks lost thousands of dollars through the operations at that time. The scheme in the cases in the past and also in the case in which he was convicted was to get control of corporations and firms that needed additional capital in their business and were well rated. Hart would arrange to exchange notes between the various corporations and firms for like sums. These notes were then deposited in the various banks, discounted, and in this particular case some of the notes were forwarded through the mails; checks representing the proceeds of the discounts were also sent through the mails; so in this way when the Oneida Milling Corporation, which was doing a flour and grain business at Oneida, New York, went into bankruptcy, and the hearings before the referee took place, there was sufficient testimony brought out to warrant the Government authorities to look into the matter. Hon. John H. Gleason, United States District Attorney for the Northern District of New York, who resides at Albany, New York, took up the investigation, with the result that the Grand Jury returned indictments against these four defendants. As above stated, the case was tried on July 9th, before Hon. George W. Ray. Assistant United States District Attorney Thomas H. Dowd of the Northern District of New York, who resides at Cortland, New York, opened the case for the Government and very ably conducted the trial. Hon. John H. Gleason, United States District Attorney, summed up for the Government. The defendants were all represented by very able counsel, with exception of Andrew S. Work, who did not wish the services of an attorney. The conviction in this case is a very important one, inasmuch as it gives National and State bank examiners and the various banks of discount throughout the country a precedent to work on, and shows conclusively that if the mails are used in the slightest degree with fraudulent intent, criminal action will lie through the

United States courts. The chief advantage in trying a case in a United States court is that witnesses can be subpoenaed from anywhere in the United States and can be compelled to attend, while in prosecutions in State courts the authorities have no power to compel any witness to appear who is out of the jurisdiction of the State. In this particular case about eighty witnesses were sworn by the Government and testified. The defendants put in no defense whatever. Over five thousand pages of testimony were taken and there were approximately over five hundred exhibits in the case. Inasmuch as there were so many exhibits to go over, the jury was out eighteen hours, and Judge Ray consumed a day in his charge to the jury.

At the January, 1892, session of the Court of Quarter Sessions at Philadelphia, Pennsylvania, Max M. Hart, alias Hertz, was indicted for obtaining money under false pretenses. On April 6, 1892, Hart entered a plea of guilty and on the same day was sentenced to pay a fine of one cent and to be confined in the county jail for four weeks. Hart stated to the court at Watertown, New York, that he did not serve any of this sentence. Hart's career, therefore, started as far back as 1892. He has confined most of his operations to the States of New York, New Jersey and Pennsylvania. On September 2, 1914, following his conviction, Hart was sentenced to serve five years in a Federal prison at Atlanta, Georgia, and pay a fine of \$1,500. Adolph E. Wupperman was sentenced to pay a fine of \$2,500 and sentence was suspended on Frank W. Fowler and Andrew S. Work, who were used by the Government as witnesses. This case will be appealed by the defendants.

The manager of our Protective Department, Mr. L. W. Gammon, who attended the various hearings before the referee in bankruptcy, and was present during the entire trial of this case, rendered most effective aid to the prosecution, having labored for months in accumulating the facts which helped make conviction possible. From the beginning of the various investigations and running through a period of several years, Mr. Gammon has handled this case in person, in view of its importance to the Association, and he is deserving of hearty congratulations upon its successful outcome.

DETAILED REPORTS

The manager of the Protective Department will read his report to the Executive Council, which covers matters pertaining to the Department other than those contained in this Committee's report.

The William J. Burns International Detective Agency, Inc., will make a detailed report of the work accomplished by them during the past fiscal year. This report will be published in the Annual Proceedings and also printed in pamphlet form for distribution at this Convention.

For more detailed information as to particular cases referred to we respectfully refer you to the monthly JOURNAL-BULLETIN. All of which is respectfully submitted.

THE PROTECTIVE COMMITTEE,
FRED. E. FARNSWORTH,
Secretary.

Report of the Agricultural Commission

To the Members of the American Bankers Association:

One year ago at Boston, this Association in convention assembled, created an Agricultural Commission of seven members, two of whom are members of the Council, and on behalf of this Commission I herewith submit its report.

The Commission was given an appropriation of \$4,000—the same amount as previously given the Committee on Agriculture and Education—and was given no instructions.

We have to report that several additional State associations have appointed committees on agriculture and education, the total number now being thirty-eight.

Their interest and work and that of the individual banker-farmer is growing amazingly and beyond anything we had hoped for, all indicating that the "soft pedal" could not be "put on the agricultural stuff" even if one was so short-sighted as to attempt it. More than 55 per cent. of the member banks of this Association have a capital of \$25,000 or less, and the capital of over 75 per cent. of the banks constituting this Association's membership is \$100,000 or less.

In other words, 90 per cent. are country banks, and most of these are banker-farmers, directly or from a business standpoint vitally interested in agriculture and the farmers' success.

These percentages, the comparatively small size of the average bank, and the interdependence of these bankers and farmers, proves how little basis there is for "buncombe" talk of the political agitator and demagogic statesman, who would have you believe that bankers are all of great wealth, with interests and motives diametrically opposed to those of their communities.

It is just such ideas as these that THE BANKER-FARMER, on a broader scale and more widely circulated, would combat as well as helping to create a new sentiment in doing the needed service in agriculture and several public welfare lines that is to be expected of and must be rendered by such a great organization as this.

We believe that the American farmer is in every way better

circumstanced—that our agriculture and its outlook to-day is brighter and rapidly reaching a more permanent basis than ever before in our history. Every honest effort on the part of such organizations as this helps measurably in hastening to build up in this nation its strongest industry and bulwark and in perfecting here the greatest rural civilization the world has seen.

The chief work of this Commission has been the publication of THE BANKER-FARMER, of which eleven monthly issues have been printed and circulated to the extent of about 25,000 copies per month. Twenty-nine State Associations have co-operated with the Commission in this work and borne about one-third of the expense. THE BANKER-FARMER reaches some nineteen thousand bankers regularly, several hundred individual subscribers, and many bankers distribute monthly some five thousand copies among their clients.

As most of you are familiar with or have had an opportunity to peruse THE BANKER-FARMER, it is not required nor appropriate to occupy your time with unnecessary words in its favor.

Regularly, each month, it has tried through some twenty-five thousand words to give you an idea of its views with reference to a better agriculture and rural life—of a better citizenship and public welfare, and the banker's living interest in and relation thereto.

Your Commission and the Chairman-Editor have been devoted to the cause and have been repaid with many appreciative comments. The agricultural press has given THE BANKER-FARMER a most cordial welcome and co-operation, particularly evidenced by the special articles written for it by the most prominent agricultural editors.

Some of the best-known general and farm publications have desired to club with us and have given this Association most commendable mention for its work in these lines. The farmers themselves and their organization officers have appreciated the work and have so expressed themselves.

THE BANKER-FARMER, Number Twelve, completing Volume One (192 pages of 300,000 words), is soon to come from the press, when it and something more than a full year's work will have been paid for with a balance of some six hundred dollars remaining to our credit.

Almost a third of a million copies of THE BANKER-FARMER have been circulated at a cost to this Association of less than one cent per copy, including postage and every other expenditure by the Commission for all purposes and including more than three thousand individual letters. All this was only made possible through a most unusual and public-spirited co-operation of many different men and interests, because every penny did its full service, and because no member of this Commission received any compensation, money or other remuneration, excepting only the expense, as provided by your rules, for the three of them who attended the mid-year Council meeting.

While at its mid-year meeting in May your Executive Council unanimously endorsed the work of this Commission and voted to continue THE BANKER-FARMER through the coming or second year—yet we presume your approval will be necessary. In any event, this Commission appointed by last year's convention has all but ended its legal life. More than that—and concerning THE BANKER-FARMER, the compilation of which was undertaken as a personal labor of love and service has grown arduous, and has now become impossible for the Chairman to continue in connection with the added burdens incident to the recent and sudden death of his father.

The Chairman desires to take this occasion to express to each member of the Commission, to the President and General Secretary as well as to the Administrative Committee, the Executive Council and hundreds of members of this Association his deep and grateful appreciation of the confidence, support and encouragement given him.

Appendix hereto is an itemized statement, and another filed with the Council accounts in detail for each and every receipt and expenditure.

Asking your permission to issue within the ensuing two weeks the concluding number of Volume One of THE BANKER-FARMER, your Commission thanks you for your consideration, patience and the opportunity for service, and with the termination of this morning's programme surrenders its authority.

Respectfully submitted,

B. F. HARRIS, Chairman,
President, First National Bank, Champaign, Ill.
W. D. VINCENT,
Cashier, Old National Bank, Spokane, Wash.
C. H. McNIDER,
President, First National Bank, Mason City, Iowa.
JOS. HIRSCH,
Vice-President, Corpus Christi National Bank, Corpus Christi, Texas.
J. W. WHEELER,
Vice-Pres., Capitol National Bank, St. Paul, Minn.
R. I. WOODSIDE,
Pres., Farmers & Merchants Bank, Greenville, S. C.
J. B. WHEELER,
Cashier, Farmers & Merchants Union Bank, Columbus, Wis.

EXPENDITURES OF THE AGRICULTURAL COMMISSION, 1913-14.

Office, Express, Telegrams, etc.....	\$ 15.40
Cabinet files, rubber stamps, Typewriter rent.....	47.53
Clipping Bureau.....	12.30
Mimeographing.....	21.60
Stamps.....	95.00
Stationery and supplies.....	128.73
Stenographic services—eleven months.....	470.00
Engraving, and sketches for THE BANKER-FARMER.....	81.64
L. M. Tobin, and L. M. Hodges,	
Literary work and make-up work for BANKER-FARMER.....	750.00
Flanigan-Pearson Company, printers of THE BANKER-FARMER...	3,629.20
Second-Class Postage on BANKER-FARMER.....	243.66
Commission Expense to Hot Springs meeting.....	186.76
Total Commission Expense.....	\$5,639.82
Paid voucher of previous Committee.....	165.00
Total Expenditures.....	\$5,804.82
Estimated for November.....	550.00
	\$6,354.82
Received from American Bankers Association, Appropriation.....	\$4,000.00
From State Associations, etc.....	2,997.30
Total Receipts.....	\$6,997.30
Total Expense.....	6,354.82
Unused Cash Balance.....	\$ 642.48
Paid for former committee.....	165.00
	\$ 807.48

Total expenditures by the Agricultural Commission of the American Bankers Association Funds, \$3,192.52. This is only \$149.11 in excess of the expenditures of the Agricultural Committee for the year 1912-13.

The Agricultural Committee in 1912-13 received sixteen cents per member from the State Associations for one conference report.

The Agricultural Commission received twelve and one-half cents per member from the State Associations for twelve numbers of THE BANKER-FARMER or 1913-14.

Report of the Committee on Federal Legislation.

The Committee on Federal Legislation has kept in close touch with all pending legislation relating to banks during the present session of Congress and a number of bills of harmful effect have been opposed. The Committee has devoted much time and attention to the various measures by personal attendance of a number of its members at Washington on different occasions, by mail and by telegraph, and has enlisted the active support and co-operation of Clearing House Associations, State Bankers Association and other organizations and individuals along lines of procedure mapped out by the Committee. A brief resume of the more important subjects of legislation is all that is necessary to present in this report.

Two amendments of the Federal Reserve Act have been passed. One, approved August 4th, which makes more generally available the temporary provisions of the Act relative to National Bank circulation, authorizing the Secretary of the Treasury to suspend the limitations of the Aldrich-Vreeland Act under certain conditions. He can remove the restriction which makes the Act available only to banks having bond secured circulation of at least 40 per cent. of the capital, and also the restriction that the total circulation shall not exceed the amount of unimpaired capital and surplus, except that no bank is permitted to issue circulation in excess of 125 per cent. of its unimpaired capital and surplus. He can also extend the benefit of the Act to all qualified State banks and Trust Companies which have joined the Federal Reserve system. A second amendment was approved August 15th. It amends Section 19 relating to the keeping of reserves by State banks and Trust Companies during the three-year period, so as to correct an ambiguity in that Section. Other amendments of the Act are pending. A bill was introduced by Senator Reed on September 16th to amend Section 11 by giving the Federal Reserve Board power to permit member banks to carry in their respective district bank any portion of their reserves now required to be carried in their own vaults, and to amend Section 16 by authorizing the Secretary of the Treasury to devise and put in operation a system of clearances of National Bank notes between the Treasury, the Federal Reserve Banks and the member banks. This passed the Senate on September 18th, and on September 24th was reported from the House Committee on Banking and Currency with an amendment of the first stated Section, giving member banks themselves, for a period of three years, permission to carry the reserve required to be kept in their vaults in the Federal Reserve Bank of the District.

A bill was introduced by Senator Owen on August 27th (S. 6398), which as amended and passed by the Senate on September 11th further amends the Aldrich-Vreeland Act so as to raise the limit of circulation which a National Bank can base on commercial paper from 30 to 75 per cent. of unimpaired capital and surplus. Also to extend the privileges of the Aldrich-Vreeland Act to all State Banks and Trust Companies hav-

ing a capital of not less than \$25,000 and a surplus of 20 per cent. On September 28th, the House Committee on Banking and Currency reported the bill, increasing the limit of circulation based on commercial paper to 100 per cent., but striking out the provisions extending the benefits of the Act to State banks and Trust Companies.

On September 24, the bill introduced by Mr. Glass on March 25 (H. R. 15038) to amend the Federal Reserve Act, relative to acceptances was reported by the House Banking and Currency Committee without amendment. The purpose of the bill is to authorize the Federal Reserve Board, in its discretion, to increase the amount of acceptances based on the importation and exportation of goods which a member bank of the system may discount and which a Federal Reserve Bank may rediscount.

The subject of interlocking bank directorates has required more time and attention than any other particular subject handled by the Committee. We have constantly fought this proposition from the inception of the original drastic provisions introduced in January of this year, securing their modification in the House and their entire elimination in the Senate, only to experience the disappointment of having the Senate conferees yield to the House conferees, and put back the House provisions of the bill, further modified, however, so that as finally passed and as they will become law they apply only to banks having capital and deposits exceeding five million dollars, with the special provisions made applicable only to cities of over 200,000 instead of 100,000 population.

Every effort was made while the Conference report was under consideration by the Senate to have the same recommitted for a reconsideration of these provisions, but without success. During the entire progress of this measure, the members of our Committee have been most active and General Counsel of the Association has ably represented the Committee throughout, having appeared at the hearings before the House Committee, presented a brief before the Senate Judiciary Committee which materially aided in the temporary entire elimination of the interlocking bank directorate provisions, and used every effort in his power to secure recommitment of the bill to the conferees. As finally modified the bill prohibits, after two years, any person from at the same time being a director or other officer or employee of more than one bank or trust company operating under the Federal law where either has deposits, capital, surplus and undivided profits aggregating more than five million dollars, and also prohibits a private banker or a director of a State bank or trust company having deposits, capital, etc., exceeding five millions from being a director in any bank operating under the laws of the United States. Furthermore, in cities of upwards of 200,000 inhabitants no bank or trust company operating under the National law can have as a director, officer or employee any private banker or director, officer or employee of any other bank or trust company located in the same place. The Act does not apply to mutual savings banks, and it also permits a director, officer or employee of a bank or trust company operating under National law in any such city to be in one other bank or trust company where the entire capital stock of one is owned by stockholders in the other. The Act furthermore is to be construed not to forbid a Class A director of a Federal Reserve Bank from being an officer or director or both in one member bank. The criminal penalties have been eliminated and authority to enforce the provisions applicable to banks is vested in the Federal Reserve Board.

The Clayton bill is one of the three Anti-Trust bills which were pressed for passage at this session. Of the other two, the act to create a Federal Trade Commission was approved by the President September 26, 1914, but the bill to prevent over issues of securities by carriers, which passed the House on June 5 and was reported with amendments by the Committee on Interstate Commerce to the Senate on July 23, has not been passed by that body.

The Emergency Revenue bill was introduced in the House on September 21, and it provided an annual special tax on banks of \$2.00 for each one thousand dollars of capital, including surplus and undivided profits, to take effect November 1. Our Committee immediately filed with the Ways and Means Committee of the House a protest as follows:

The American Bankers Association, with a membership of 15,000 banks, respectfully protests against the injustice of the provision of H. R. 18,891, taxing banks two dollars for each one thousand dollars of capital, surplus and undivided profits, for the reason that such tax, by singling out one class of corporations instead of spreading the burden over all corporations alike, is discriminatory and unfair.

In these critical times, especially when the banks have come loyally to the support of the Government and have been straining every resource to help the situation, they should be given all assistance possible instead of being penalized by discriminatory legislation. There is no disposition among the banks to escape their fair share of the burden of taxation, but we earnestly protest against a provision which places an undue share of this burden upon banking corporations solely and relieves all other corporations from the necessity of contributing their proportionate share.

It is therefore respectfully urged that the provisions referred to be readjusted so that the amount of revenue which it is estimated will be derived from this tax on bank capital be assessed proportionately

upon the capital stock of all classes of corporations, including the banks.

The bill passed the House on September 25 and was referred to the Senate Committee on Finance. We filed with that committee a protest as follows:

The American Bankers Association respectfully protests against the imposing of a special tax on bank capital of two dollars per thousand, while leaving other corporate capital untaxed, because the banks of the country are heavily overtaxed now in various ways and it does not seem fair that they should be discriminated against and made to bear the sole burden of a tax on capital while other corporations escape. There is no disposition among the banks to escape their fair share, but we urge that the proposed law be readjusted so that the amount of revenue which it is estimated will be derived from this tax on bank capital be assessed proportionately upon the capital stock of all classes of corporations, including the banks.

In support of these protests, independent action was urged by wire on the part of Clearing Houses and State Bankers' Associations, and numerous protests were filed by such associations as well as by individual banks. We were also represented in Washington by the General Counsel of the Association. During the progress of the bill, the elimination of the tax on bank capital and the substitution of a stamp tax on bank checks was recommended by a sub-committee, but rejected by the full committee. In the Democratic caucus to decide upon action by the Senate, the tax on bank capital was reduced to \$1.00 a thousand.

On the subject of the Income Tax our Committee have considered a number of requests that the Association test the constitutionality of the Act in the courts, but it has been deemed the best policy that the Association should not take the initiative or be identified in this particular. Various other requests have been made that the Association urge the amendment of the Income Tax Act with reference to the deduction at source feature. Two propositions have been advanced, first, that we urge an amendment of the Act by eliminating this feature entirely; second, that we urge its amendment by doing away with the collection at source, allowing to remain such of the provisions as may provide for a return or information at source. Our committee has given full consideration to this subject and decided that the best policy is to urge the entire elimination of the deduction at source feature; if that cannot be attained, then to procure an amendment providing for information at source, without deduction or collection at source, and simplifying the provisions of the law. Bills have been introduced and are pending in Congress along these lines, but it has been impossible to procure any action thereon at the present session.

We have given consideration to the various bills relating to the subject of agricultural credits, including the bill introduced by Mr. Moss in January, to establish National Farm Land Banks, embodying the ideas of the United States Commission which studied agricultural credits abroad, and also the later bill, introduced simultaneously in Senate and House May 12, to be known as "The Federal Farm Loan Act," following joint hearings on this subject by sub-committees of the Senate and House Committees on Banking and Currency. The bill is now pending before the Committees on Banking and Currency in the two branches of Congress, where it will doubtless be further approved. It will not be pressed at the present session, the pending trust legislation having consumed so much time, but final action upon the bill is looked for some time next winter. In a statement in the Senate on September 24, Mr. Hollis, of the Committee on Banking and Currency, who introduced the bill, summarized it as follows: "Speaking generally, the pending rural-credits bill follows the general lines of the Federal Reserve Act, and it is intended to supplement that measure. The Federal Reserve Act was for the particular benefit of commercial banks, and for the better handling and greater ease of short-time loans; it was intended to satisfy commercial needs. The pending bill is for the benefit of farmers, so that they may work with better and more effective instrumentalities in their vocation; it is intended to provide facilities for long-term loans, with small yearly payments, at a low rate of interest." He further stated that the Committee desired the most widespread publicity for the bill so that farmers and people generally may become familiar with its provisions and forward to their Senators and Representatives in Congress their suggestions and criticisms.

Our committee are in the attitude of watching the developments of this bill without at the present time making any positive recommendations upon the subject.

On the subject of Postal Savings, the Moon bill (H. R. 7967), which passed both Houses, was vetoed by the President on September 11. The Postal Savings law limits the deposits of any one depositor to \$500, exclusive of accumulated interest, and not more than \$100 can be deposited in any one month, and the law provides that the Government shall pay two per cent. annual interest on such deposits. The bill as finally agreed to by the House and Senate removed the restrictions upon the amount which could be deposited in any one month and amended the law so that the balance to the credit of any person upon which interest was payable, exclusive of accumulated interest, should not exceed \$500, but with an

added provision that the Board of Trustees might in their discretion and under such regulations as they might promulgate, accept additional deposits not to exceed in the aggregate \$500 for each depositor, but upon which no interest should be paid. The bill further amended the Federal Reserve Act, under which postal savings can only be deposited in solvent banks, whether organized under National or State law and whether member banks or not. This last stated provision caused the President to veto the bill, which he declared incompatible with sound public policy, submitting that as a matter of principle as well as of policy the new banking should be safeguarded very jealously, and it would be a mistake to take away any of the benefits or advantages held out by the present law to member banks to enter the system. Following the veto message, which was delivered on September 11, Mr. Moon introduced a new bill in the House (H. R. 18,842), which provides for the amendment of the Postal Savings Act substantially as agreed upon by the conference, but with a new provision regarding the deposit of postal savings funds.

Report of Committee on Law, by F. W. Foote, Chairman.

Under the provisions of the Constitution adopted at the last Annual Convention in Boston, the Executive Council at its first meeting thereafter elected from its membership the undersigned Committee on Law, which included the late Mr. Robert E. James, whose death in Easton, Pa., on November 10 last was deeply felt and keenly regretted.

The attention of your Committee during the past year has been chiefly devoted to the promotion of the enactment in the different States of legislation on twelve subjects recommended by this Association, having for their end uniformity and adequacy of law governing banking and commercial transactions. But eleven State Legislatures have held regular sessions this year down to the present time.

Working through State Associations of bankers, your Committee actively aided by the General Counsel of the Association were pleased to report enactments as follows:

GEORGIA.

A fraudulent check bill. This is not the precise measure recommended by our Association, but it makes it a misdemeanor for any person to draw a check against insufficient funds upon which he obtains value or induces such person to postpone any remedy he may have against the drawer, with a proviso, however, that if the drawer deposits with the bank within thirty days funds sufficient to meet the check with interest there shall be no prosecution. The Georgia Bankers' Association were active in supporting this measure.

KENTUCKY.

The Legislature of Kentucky this year passed three of our Association measures, namely: (1) An Act to punish the making or use of false statements to obtain credit; (2) an Act to punish derogatory statements affecting banks, and (3) an Act to punish the issuing of a check or draft without funds in bank. The Kentucky Bankers' Association actively supported these measures.

LOUISIANA.

Louisiana has passed an Act to punish the giving of checks on banks where the drawer has not sufficient funds or credit, but in changed form from our Association measure.

MARYLAND.

The Legislature passed an act to make it a misdemeanor to issue and obtain value upon a check against insufficient funds, but the language is different from our Association draft.

MISSISSIPPI.

The Legislature of Mississippi this year passed a general banking law in which was included our Association measure authorizing a bank to pay a deposit in two names to the survivor.

RHODE ISLAND.

The Uniform Bills of Lading Act was passed by the Rhode Island Legislature this year.

SOUTH CAROLINA.

The South Carolina Legislature this year passed the Uniform Negotiable Instruments Act.

The above indicates that a total of nine measures upon subjects of legislation recommended by this Association have been passed this year.

Other subjects of legislation relating to or effecting banks which have been passed in the different States this year are as follows:

In Kentucky, an Act to authorize banks and trust companies to subscribe for stock of the Federal Reserve Bank and making the banking laws of Kentucky conform to the requirements of the Federal Reserve Act. Also a bill providing for an additional State Bank Examiner. Also an amendment to the Kentucky statutes putting those who supply money and supplies to manufacture establishment on the same basis. In case of disaster it puts banks on the same basis as other creditors.

In Louisiana. A joint resolution was passed imposing an

amendment to the State Constitution with reference to the taxation of banks; an act making it a felony to repledge collateral withdrawn under Trust receipts; an act creating a banking commission and providing its duties and compensation; an act making it a misdemeanor to circulate false statements concerning building and loan or homestead associations; a similar act with reference to life and fire insurance companies; an act making it a misdemeanor for a member of the State Banking Department to circulate rumors concerning the financial condition of any bank; an act to authorize State Banks, Savings Banks and Trust Companies to become members of the Federal Reserve Bank.

In Maryland, acts relating to the taxation of State and Municipal bonds and also to the taxation of securities and bank shares of foreign corporations owned by residents of Maryland.

In Massachusetts, acts have been passed (1) to allow Trust Companies to become stockholders in the Federal Reserve Bank; (2) preventing the misuse of the word "Trust"; (3) to unify mortality claims of Savings and Insurance Banks; also to provide special forms of policies; (4) regulating reserve of Trust Companies in Boston within three miles from State House.

In Mississippi, an act has been passed establishing a banking department, creating a Board of Bank Commissioners, prescribing their qualifications, duties and compensations, providing for the election of State bank examiners, prescribing their qualifications, duties and compensation, defining what shall constitute a bank and banking business in the State of Mississippi, fixing the capital required to do a banking business, and providing for the examination, regulation and control of banks and banking business conducted by corporations, other than National banks and postal savings banks, and fixing the assessment for the revenues of the department, fixing qualifications and liability of officers' stockholders and directors of banking corporations; fixing the qualifications and liability of persons, firms and corporations in the banking business; providing for the payment of deposits to minors and other persons under disability and on joint account; prohibiting banking except under the provisions of this Act; providing for the liquidation of banks and the distribution of the assets thereof; providing for giving publicity to deposits more than five years old; and prescribing penalties for the breach of any of the provisions thereof, and to provide a system for guaranteeing deposits, and for other purposes, without expense to the State.

In New Jersey, (1) a bank tax bill was passed under which shares of banks and trust companies are taxed at the rate of three-quarters of one per cent. of their true value after deducting the real estate owned by the bank, such taxation being in lieu of all other State, county or local taxation upon the shares or upon any personal property owned by the bank the value of which enters into the tax value of the shares. Also, (2) acts known as direct inheritance tax laws, (3) an act making October 12 a public holiday, (4) authorizing trust companies and State banks to become members of the Federal Reserve Association, (5) an act providing that in suits upon negotiable instruments, the authenticity of any signature or indorsement on the instrument shall be considered as admitted unless the contrary is pleaded.

In New York, the Legislature passed an extensive revision of the Banking Laws of the State.

In Ohio, at a special session, an Act was passed enabling banks to become member banks in the Federal Reserve system.

In Rhode Island, an act was passed amending the holiday law.

In Virginia, an act was passed to empower the banks to become members of the Federal Reserve Bank, and also an act to provide for general powers for the purpose of doing a Trust business in addition to a general banking business.

The following draft of proposed law to limit the liability of a bank which refuses payment of a check through error has been prepared by the general counsel and approved by the Executive Council, and is now recommended to the General Convention for its approval in accordance with Section 16 (a) Article V of the Constitution, the dual approval of both Executive Council and Convention being a prerequisite to the urging of its enactment through State organizations in the different States.

An Act to limit the liability of a bank to its depositor for non-payment of a check through error.

Be it enacted, etc.

No bank shall be liable to a depositor because of the non-payment, through mistake or error and without malice, of a check which should have been paid, unless the depositor shall allege and prove actual damage by reason of such non-payment, and in such event the liability shall not exceed the amount of damage so proved.

It frequently happens that by reason of the crediting a deposit or charging a payment to a wrong account, or because of some other mistake or error, a bank will refuse payment of a check which is good and the depositor, feeling aggrieved, will sue the bank for damages for dishonoring his paper and injuring his credit. The courts in a majority of the States hold that a bank which so dishonors a check, especially where the depositor is a merchant or trader, is liable to him for sub-

stantial damages, and that it is not necessary for the depositor to allege or prove any actual damage in order to recover, substantial damages being presumed. As a consequence there have been a number of cases where banks have been mulcted by juries, in amounts ranging from \$1,000 down to \$30, because of the refusal, through mistake, to pay a check, and this notwithstanding the bank has acknowledged its error to the holder of the check and made all possible apology and reparation so that no real injury to the depositor's credit has resulted. In view of this condition of the law in many States, it seems desirable to urge the enactment of a statute such as proposed which would limit the liability of the bank to the actual damage sustained by the depositor and compel him to affirmatively prove such damage in order to recover.

The following proposed draft of law has also been approved by the Executive Council and is now recommended to the General Convention for its approval, in accordance with Section 16 (a), Article V.:

An act relative to the payment of deposits of minors or other persons under disability.

Be it enacted, etc.

Whenever any minor or other persons under disability shall make or have credit for a deposit in any bank in his or her name, such bank may pay such money on the check or order of such depositor, the same as in cases of depositors not under disability, and such payment shall be in all respects valid in law.

In a majority of the States there are statutes which authorize and protect the bank in making payment of deposits to minors, but such statutes do not exist in all the States, and in many States the statutes relate only to deposits of minors in savings institutions and do not extend to general deposits subject to check. It is thought desirable to urge the enactment of an authorizing statute of this kind in all the States where statutory provisions are lacking, and the above draft is therefore presented for approval of the general Convention.

Committee on Fidelity Bonds and Burglary Insurance.

RICHMOND, VA., October 12, 1914.

To the American Bankers' Association, Richmond, Va.:

GENTLEMEN: Your Committee on Fidelity Bonds and Burglary Insurance submitted to the Executive Council on May 1, 1914, a full report of its work to that date. In order to give you a complete report at this time, it will be necessary to refer back to the report of May 1, taking up first your Committee's treatment of uncompleted subject referred to therein, before reporting upon new work undertaken by the Committee in the last six months. While this report will contain a number of details that add materially to its length, the importance of these details are such that your Committee feels justified in bringing them to your attention.

The report of May 1 referred to the advantages of the 1913 copyright bond of the Association, and included a list of twenty-eight insurance companies that had been licensed to execute the bond, the rate being \$2.50 per thousand per annum. Four (4) additional companies have been licensed, as follows:

The American Fidelity Company, Montpelier, Vermont.
Bankers Limited Mutual Casualty Company of Wisconsin, Milwaukee, Wisconsin.
Maryland Casualty Company, Baltimore, Maryland.
Pacific Coast Casualty Company, San Francisco, California.

This makes a total of thirty-two (32) companies from which this bond may be obtained.

Further reference was made to the approval of this bond by various authorities, and a number of opinions were quoted. Your Committee has accepted as final neither its own conclusions reached when compiling the bond, nor the conclusions of the various authorities quoted in the report of May 1, but has continued to invite a careful review of the bond and its comparison with all other bond forms by the attorneys of membership banks, with the invariable result that the bond is approved by the bank's attorney and adopted by the bank. In addition to endorsements already reported to you, the Bankers' Association of the District of Columbia has approved the bond and recommended it for use to every member bank in the District; the Insurance Department of the Georgia Bankers' Association has approved the bond and recommended it for use; the Insurance Committee of the Arkansas Bankers' Association has done likewise, and further recommends that the bond be adopted by the Insurance Department of that State as a statutory form. Your Committee takes this occasion to repeat its recommendation to all member banks that this form of bond be used.

Several questions as to various conditions of the bond raised by the Surety Association of America, and by surety companies were outlined in the report of May 1. Only one of these questions has been found troublesome by your Committee, that being the apparent conflict of the bond with the insurance statutes of the State of Iowa. The Surety Association of America took the position that the Insurance Companies, members of that Association, could not furnish the bond in the State of Iowa, because the bond contained no short rate table of return premium, whereas section 1729 of the insurance statutes of that State required such a table to be printed in every bond

approved for use in that State. The Iowa Commissioner of Insurance held that our bond did not comply with the law, and could not be used in the State. Your Committee, together with the General Counsel of the Association, took the position that our bond at no time contemplated a short rate return premium, but at all times contemplated a pro rata return premium, and does therefore come within the provisions of the law referred to. The matter became the subject of an extended correspondence, and a ruling has finally been obtained under date of September 8, 1914, from the Hon. Emory H. English, the new Commissioner of Insurance of Iowa, which sustains the contention of your Committee, and permits the use of the bond in that State.

The report of May 1 next called attention to an endorsement which your Committee recommended for use in connection with the Association's bond when substituting this bond for other forms. The endorsement provides for the continuance of the insurance company's liability for losses occurring during the life of the previous bond, but discovered subsequent to the execution of the Association's bond. The great importance of this endorsement will be brought out more clearly in the discussion of a claim now pending by a member bank against one of the insurance companies, to which reference will be made later in this report. Your Committee again urges the careful reading of this endorsement and its use by member banks in connection with the Associations' copyright bond.

A recital of these conditions, while of a technical nature, serves to show the character of work necessary to insure to the member banks the greatest benefits under the Association's copyrighted forms. As these forms are more widely introduced, and come into more general use, questions of this character are continually being presented to your Committee for solution. Inquiries of any nature have been freely invited by your Committee, and have at all times had prompt attention.

BURGLARY INSURANCE.

Your Committee reported under this subject on May 1 that the policy forms of Burglary Insurance in general use contain many dangerous and unnecessary conditions that should be corrected, and recommended that a new form of Burglary Policy be compiled by the Committee for the use of the member banks. Such new form has been completed, and is attached to this report and made a part hereof.

All Burglary Policy forms have heretofore contained a long list of warranties by which the bank applying for the insurance guarantees the dimensions of its safe, vault, lock, door, etc., and other conditions upon which the average banker is not usually well informed. The policy compiled by your Committee reduces these warranties, or guaranteed statements of the applicant, as nearly as a proper identification of the equipment will permit, and relieves the applying bank of much of the danger of inadvertently incorrect warranties.

The hold-up coverage has been extended throughout the whole twenty-four (24) hours, instead of being limited, as shown in other policies. The conditions under which the insurance company may not be held liable have been carefully revised to give the bank a fairer protection. The manner in which notice of loss and claim shall be made and settlements effected have been simplified to the benefit of the bank. The policy is shorter, is more direct in its statement of relations between the insurance company and the bank, and its conditions are so grouped as to materially simplify the contract.

Your Committee recommends that the policy be copyrighted and adopted by this Association, and that the same method of introduction of the policy into general use be followed out as has proven so successful with the copyright Fidelity Bond.

Your Committee cannot too strongly emphasize to you the wisdom of the adoption and use of proper insurance and bond contract forms. All of the burglary losses for the year of 1913 reported by member banks have been carefully followed up by this Committee, and almost without exception such differences as have arisen between the banks and the insurance companies have been due to restrictive conditions contained in the insurance contracts. It behooves the bank to see in each case that it purchases the proper form of insurance contract, and if this is not done the bank should not blame the insurance company for insisting upon a settlement within the limits of the contract bought.

RATES.

From all of the information that your Committee has been able to obtain, we are of the opinion that a rate of \$2.50 per thousand per annum on the form of Fidelity Bond copyrighted and used by the Association is not unfair.

The liability of the insurance companies under this form is undoubtedly increased over that under other forms, and the furnishing of this bond at the same rate is equivalent to a reduction of cost of insurance to the banks.

With respect to burglary insurance, however, your committee concludes that the margin of profit of the insurance companies is very wide, and the rates should be reduced. In the report of May 1, 1914, we quoted such figures as were available at that time. We have continued to accumulate additional data, all of which tends to confirm the above conclusions. For in-

stance, the insurance companies during the year of 1913 paid \$1,096,626.00 of claims under burglary policies, and received \$3,403,300.00 of premiums, the premiums received being more than three times the losses paid. For the last ten years the insurance companies have paid a little more than \$6,000,000 of claims under burglary policies, and have received approximately \$20,000,000 of premiums; again being more than three times the amount of claims paid. These figures, however, include all forms of burglary insurance, and are not limited to the insurance on banks. We have been unable to obtain from the insurance companies any statement of their experience with bank business alone, but a further investigation of the losses of the member banks of this Association only tends to confirm the conclusion of your committee, viz.: that the losses paid under burglary insurance policies to the member banks of this Association do not exceed five per cent. (5%) of the premiums paid.

The reason for the low percentage of loss in member banks of the Association are various. Most of the largest and less isolated banks are member banks, and their equipment is as a whole superior to that of non-member banks and mercantile houses and does not so readily invite attack. Burglars and Yeggs attacking member banks are more vigorously and promptly prosecuted. The activity of the Protective Department of the Association also contributes largely to this result. In our investigation of burglary losses we have found case after case where the non-member banks have been attacked and the member banks close thereto have been avoided. For instance, twelve (12) small burglary losses were reported in one State last year including a total loss of \$9,376.00. Only two of these were member banks with a loss of only \$496.41. The total loss reported by all member banks for 1913 is less than \$31,000.00.

Your Committee recommends that the insurance companies writing burglary insurance be again invited to furnish any information or records that will tend to correct or to confirm our conclusions. Believing these conclusions to be correct, we further recommend that the matter be brought to the attention of every State Bankers' Association, and that each such Association be requested to appoint an Insurance Committee to co-operate with this Insurance Committee in an effort to obtain a proper reduction of burglary rates, and for the performance of such other insurance service as the conditions of each State may warrant. Such Insurance Committees have already been created in a number of States and are co-operating with your Committee. For instance, the Insurance Committee of the Arkansas Bankers' Association is giving much time and care to the subject, and recently rendered a most complete and instructive report to its Association. The Iowa Association has a Committee which is giving particular attention to Burglary Insurance rates. The Wisconsin Association has given much study to its insurance matters and is co-operating most fully and helpfully with your Committee. We believe that this method of organization will be the most effective way of meeting organization of the insurance companies, and will bring to the banks of the country advantages that can be obtained in no other way. The insurance companies are not disposed to volunteer a reduction of rates; instead, to quote the Chairman of the Wisconsin Insurance Committee:

I am very certain from past experience with the companies, that if it were not for your Committee, and the efforts which are put forth by the members of the various Insurance Departments of the State Associations, a material advance could be expected at most any time.

ADJUSTMENT OF CLAIMS.

This is a new field of work in which a well informed Insurance Committee may be of great value. Your present Committee has, from time to time, invited the member banks to command any service that the Committee might be able to perform, and requests are being received for help or suggestions in the adjustment of differences between the bank and the insurance companies.

One bank complained that settlement of claim under a Fidelity Bond was being delayed. Your Committee promptly communicated with the Insurance Company, asking if there was any reason that settlement should not be promptly made. The Insurance Company explained the delay, and within a few days the bank advised the Committee that satisfactory settlement had been made.

Another bank reports that liability for a small sneak theft loss was denied by the burglary company, and that the bank had as a result transferred its patronage to another company, which had delivered a policy bearing a special endorsement purporting to cover sneak theft losses. Knowing this to be contrary to the rules of the insurance companies, your Committee asked the bank to send the policy in for our examination, and we promptly pointed out the lack of authority of the company's agent to attach such endorsement, making the same illegal and invalid. The bank took the matter up with the officers of the insurance company, who repudiated the action of their agent as unauthorized. The matter is still under discussion, but the point is, that the information furnished by this Committee helped the bank to avoid the usual error, viz., assuming a protection which did not exist.

Another bank complains that the surety company furnishing its bond denied liability for more than a few hundred dollars of a defalcation in excess of \$4,000.00. This is the case referred to in the early part of this report in the discussion of the endorsement to be used in connection with our copyright bond, and the questions involved are so pertinent to the work of this Committee that they merit some space in this report.

The bank claims to have applied to the insurance company for the copyright bond of the American Bankers' Association, which it at no time received. It received and accepted from the insurance company that company's form of bond compiled fourteen (14) years ago, and containing a clause holding the company liable only for such loss as might be discovered during the currency of the bond, or within six months after its termination. This bond was subsequently substituted by another form of the insurance company. A defalcation was discovered more than six months after the first bond was terminated, but, with the exception of a few hundred dollars, all of the defalcation occurred during the currency of the first bond. The insurance company denied liability for all of the loss except the few hundred dollars occurring in the currency of the second bond, but offered the bank the additional salvage collected. Your Committee, with the assistance of the General Counsel of the Association, has taken the case up with the insurance company looking toward such better settlement as may be obtained.

The point clearly brought out in this case is the danger of the restrictive clause limiting the time within which losses may be discovered. The copyright bond of the Association contains no such restriction, and the additional endorsement referred to earlier in this report contemplates the extension of time within which loss may be discovered as to acts committed during the currency of the previous bond.

So, in the investigation of case after case under bonds and burglary policies, your Committee has found that differences existed sometimes because of the bank's misrepresentation in warranties, or delay in notice of losses, or contributory negligence facilitating the accomplishment of the theft, and sometimes there have been found cases of delay on the part of the insurance companies in their settlements, occasionally misrepresentation of policy forms, and almost always a desire to furnish the bank some other contract form than the copyright forms of the Association. Your Committee recommends that an investigation of each case involving differences between the banks and the insurance companies be continued, and a special report to be made upon each case involving any material point of interest, or involving any unusual settlement. This Committee further recommends that all member banks examine their existing contract forms very carefully, and wherever they are not the copyright form of the Association that the advice of the bank's attorney be obtained as to a change to the copyright form. Your Committee also invites inquiries at any time from the member banks, and has always been prepared to examine the forms of contracts used by the banks and make recommendations thereupon.

RELATION TO THE INSURANCE COMPANIES.

Your Committee has endeavored at all times to be fair and impartial in its relation to the insurance companies, and for the most part has enjoyed very courteous treatment.

However, as the field of the Committee's activity has broadened, there has developed a definite degree of resistance on the part of the insurance companies. For instance, your Committee welcomed the co-operation of the Burglary Association in the preparation of the new burglary policy. The whole subject was fully discussed with representatives of the Association, who have promised us frequently since last February a report outlining the views of the Burglary Insurance Companies as to contemplated improvements of the policy contracts, reduction of rates, etc., but up to this time no such co-operation has been received. Again, a disposition is shown by the bond companies to discourage the use of the Association's copyright bond. One insurance agent informs this Committee that his company will issue the bond when requested, but instructs its agents not to take any active part in its promulgation. Some of the insurance companies limit the bonds to banks of \$25,000.00 capital or over, and with three employees or over. Wherever this objection is raised, your Committee will upon application furnish the names of the insurance companies that do not impose this restriction.

Other evidences of resistance to the work of the Committee appear from time to time, but your Committee has endeavored to assume in each case only such position as might be fair and just, and has at all times been careful of the interest of the insurance companies as far as the welfare of the member banks would admit.

PUBLICITY.

In addition to all of its other work, your Committee has from time to time announced its willingness to furnish information, opinions or other insurance service that might be desired by the member banks, and the responses to this invitation are growing both in number and diversity, and the most satisfactory acknowledgments of service are continuing to be received. Of course, only a small part of the entire membership has called upon this Committee for service. Realizing that practically an unlimited field for such special work lay before us, we have taken advantage of such opportunities for making public the Committee's work as the limited funds at the Committee's disposal would permit.

A number of member banks, approving the Committee's work, have from time to time assisted in the distribution of 30,000 pieces of printed matter, outlining the Committee's work by using them as mail enclosures, and to these banks your Committee tenders its grateful acknowledgments. We recommend that this plan be continued through which fifty or one hundred thousand copies may easily be distributed among the banks of the country without great cost.

Several addresses have been made by members of the Committee and the Committee's Secretary before State Association banks, and in each instance the greatest interest has been shown and the Committee's opportunity for service increased. In addition to our recommendation appearing earlier in this report regarding an invitation to each State Bankers' Association to create Insurance Committees, we recommend that the work of this Committee be presented in person by some of the Committee, or in a paper specially prepared in each case, to each Convention of State Bankers' Associations.

We further recommend the use of the columns of banking and insurance papers and journals wherever invitations may be received from such publications.

CONCLUSION.

A great deal of time and study and work have been given by every member of this Committee to the intricate and technical and academic questions involved in the work, and from the experience and knowledge so obtained, we respectfully urge, in addition to the recommendations already appearing in this report, the following further recommendations:

First: A Committee on Insurance should be continued by this Association, and its authority and powers broadened to follow out the uncompleted work referred to in this report, and to take up and treat with new questions that are continually being presented by reason of the ever recurring changes in the insurance world. The insurance companies are organized in various associations, through which uniform rates are promulgated and uniform rules are adopted for the guidance of the insurance companies. These associations are created for and work for the interest and the well being of the insurance companies. To meet this condition the American Bankers' Association should continue an Insurance Committee, or organization made up of members that are most experienced and best equipped for such service.

Your Committee therefore recommends that the Insurance Committee of the American Bankers' Association shall be and is hereby created a permanent Convention Committee. That the Committee shall consist of five members, all officers of banks, representative as near as may be of the various sections of the country, and that no bank officer who is connected with any insurance or surety company as officer or shareholder shall be eligible to membership upon this Committee; members of the Committee to be appointed annually by the President of the Association, and to have power to employ such expert and other assistance as it may require, but to incur no expense or liability beyond the amount annually appropriated for that purpose.

Second: A larger appropriation should be made for the continuance of this work. Your present Committee has accomplished in the last twelve months the work outlined in its report to the Executive Council, May 1, and in this report, at a total cost of \$3,796.48, being \$1,200.00 less than the appropriation provided. The recommendations contained in this report contemplate, however, a wider field of activity, necessarily involving a larger expenditure, and it invariably follows that such additional work will be restricted or broadened in proportion to the funds available.

Your Committee desires to acknowledge with thanks the very hearty co-operation and assistance rendered by the General Secretary and General Counsel of the Association and the Secretaries of the various State Bankers' Associations, and particularly the indefatigable labors and expert services of the Secretary of the Committee.

Detailed Report of Proceedings.

FORTIETH ANNUAL CONVENTION, HELD AT RICHMOND, OCT. 13, TO OCT. 15, 1914.

FIRST DAY'S PROCEEDINGS.

MORNING SESSION,

Wednesday, October 14, 1914.

Forenoon Session, held in the Auditorium of the Jefferson Hotel, on Wednesday, October 14, 1914, at 9.30 o'clock.

THE SECRETARY: If Vice-President Law is in the audience, I wish he would please come to the platform. We have not heard from President Reynolds.

As Mr. Law is not in the audience, if it is the wish of the Convention to proceed, I will call Mr. Goebel, of Kansas City, Kansas, to preside until the president or vice-president appears. It is now 10.30.

The meeting was opened by Mr. Goebel in the Chair.

THE CHAIRMAN: Gentlemen and members of the Convention of the American Bankers Association, you will now please come to order.

All will please rise while the Rev. Dr. Collins Denny, Bishop, Methodist Episcopal Church South, Richmond, will invoke the Divine blessing.

PRAYER.

REV. DR. DENNY: Almighty God, our Heavenly Father, help us to appreciate that Thou art our Father, that Thou art our Heavenly Father. Save us, we pray Thee, from the folly of forgetting Thee. We are so prone in the rush of our little affairs to overlook our need of Thee, and very often we are lifted up into a pomposity, which is always characteristic of ignorance and of egotism.

Now, Lord, help us, we pray Thee, to recognize, in our weakness, in our lack of wisdom, in our constant problems, that we are called upon to face and for the solution of which so often we are utterly unequipped; help us to realize that we are dependent upon Thee, and to turn to Thee, and to lean upon Thee, and to have such relations to Thee that Thou mayest come into our lives with the help that we need, with the light that is necessary for us on the path that we pursue, with the clearness of vision and with the determination of purpose that ought to characterize us in all the work that is laid upon us in the life that we live.

We have thought, O! Lord, that we were very independent; we thought that we were self-sufficient, and we have been rudely awakened by the difficulty that has arisen and the war that has blasted other countries; we have been rudely awakened to see how much dependent we are one upon another, and how our seeming self-sufficiency has really not been well based.

Now, we come to Thee with great thanksgiving, that Thou hast given us a day of peace in this, our land, blessed by the name of the most high God, and blessed by the name of the prince of peace; that in this fair land, for some reason or other, Thou hast blessed us with this mighty blessing.

O! Lord, God, spread out Thy wings, we pray Thee, over us, and continue to us the peace that we now enjoy. May we be those who give attention to Thy word and heed Thine admonition, and seek peace and pursue Thee, and may the Lord bless us with continual peace in this, our fair land; and help us to see, we pray Thee, that this peace is not given to us because of any merit or worth of ours; it may be, O! Lord, that Thou hast looked for fruit upon our lives all these years, and just as the husbandman looked upon the fig tree and found only leaves, and was about to cast it out until there came the word to dig about it and to fertilize it, that one more opportunity might be given to it; so, O! Lord, it may be that Thou art giving us this term of rest and our quiet and our freedom from alarm that we, too, may be dug about and fertilized and somewhat restored to that fruit-bearing nature which ought to be true of all of us.

Now, O! Lord, bless the lands across the sea; come to the troubled hearts; come to the stricken souls; come to the blighted lives; come, we pray Thee, O! Lord, and lay Thine hand upon the passionate hearts of men; and just as Thou didst face the storm upon the lake in the years gone by, and say to its angry waves, "Peace, be still," until every white-capped wave rolled by, up to Thy feet with the quietness and ease of lambs, so may God say to the warring nations abroad, "Peace, be still," until all again may be quiet and the blessing of God may shine once more upon the Nations.

Now, Lord, come and bless these Thy servants. They bear large responsibilities. The comfort and the happiness of untold multitudes are in their hands. Merciful God, help them to see how they do not live unto themselves, and may they live each for all and all for each, with a patriotic devotion, and a manly devotion, and a Godly devotion to their duty and to the upbuilding of their country, and to share the favor of the most high God.

Forget our sins. Number us among Thy people. Write Thy name upon us and claim us for Thine own. We ask for Jesus' sake. Amen.

(President Reynolds here took the chair.)

PRESIDENT REYNOLDS: Gentlemen of the Convention, I regret that the entertainment provided here has been so extravagant and the weather so damp as to affect my throat, and I found it necessary this morning to visit the doctor before coming here, which accounts for my not being here promptly on time.

We will now listen to the addresses of welcome. I take pleasure in introducing the Hon. Henry C. Stuart, Governor of Virginia.

Address of Welcome, by Henry C. Stuart, Governor of Virginia.

MR. PRESIDENT AND MEMBERS OF AMERICAN BANKERS ASSOCIATION:

If Virginia hold valid title to the reputation for hospitality which she has so long enjoyed, I feel sure that reputation would be enhanced if you, our distinguished guests, could realize, or if I, speaking for Virginia, could adequately express the cordiality of the welcome which is yours to-day. The pleasure we feel comes not alone from the consideration of the vast and well-nigh inconceivable power which is wielded by this association, a power measured by the control of fifteen billions of dollars of money and credits, but from the contemplation of the marvelous genius which has developed and holds under masterly control this, the mightiest financial force that has ever been wielded by the hand of man.

I was told by a prominent official of your organization that I would be expected to talk about Virginia. That subject, as some of you may know, has been for a long time a favorite theme for Virginians. It was suggested that Virginia was so rich in history as to supply any material needed for this occasion. I shall deal somewhat in history, but it will be so thoroughly modern as to be contemporaneous. We love to dwell on the proud traditions and sacred memories of a great Commonwealth, but knowing that these are secure in the hearts of our people, we feel that their greatest value to us comes from the elevating and ripening influence which they shed upon the standards and ideals of to-day.

I venture to point to some of the things which Virginia has accomplished during the fourteen years which have elapsed since this Association last met in this, our capital city. While the aggregate banking resources of the National and State banks of the United States, not including Trust Companies, have increased by six billion, seven hundred and fifty million dollars, or 80 per cent., the same resources in Virginia have increased 130 per cent. The City of Richmond, in the same period, but mostly in the last six years, has increased, in National Bank resources alone 238 per cent., or practically at three times the rate of increase of the country at large. Of the twelve Federal Reserve Districts, District No. 5 has a little more than one-twelfth of the population of the country, and contains at least four of the most rapidly developing States in the Union.

While we are extending felicitations on the great work which has been done in the nation, it seems not inappropriate that reference should be here made to the conspicuous enterprise and ability of the bankers of Virginia, as evidenced by their financial growth and strength. To whatever chapter in the history of Virginia we may turn, we can find no men who have more signally illustrated their capacity for important public service than those who have guided the financial institutions of Virginia in the past decade. It is a gratifying fact that perhaps the most important legislation ever enacted by Congress with respect to the currency, was drafted by two Virginians, one an honored representative from our Sixth Congressional District, who is soon to address you, the other a Senator from his adopted State of Oklahoma; both ably assisted in some of the foundation work by another Virginian, transplanted to the State of New York.

The honorable place which Virginia holds in the financial councils and authorities of the country has not come to her without reason. It is but the fruitage of years of poverty and adversity, the lesson learned in the stern school of necessity, the reward of self-discipline and sacrifice, the recompense of patience and frugality; all untinged by us to a financial status which has even surprised ourselves. We have used the hard conditions of the past as a springboard from which to leap into a position of comparative wealth and importance, and which could not have been ours without the utilization of every opportunity that has come to us as a people.

I shall not attempt to recount any of these hardships and difficulties, but the condition of the South when she started out upon her new career may be illustrated by an ancient legend—the Goddess of Fortune called before her three men, a Catholic, a Protestant and a Jew, and to each promised whatever he might desire. The Catholic chose Fame. "Fame shall be yours," said the Goddess. The Protestant chose Riches. "Riches shall be yours," said the Goddess. The Jew, seeing that Fame had been given to the Catholic and Riches to the Protestant, when asked what he would choose, said: "I'll just take the address of that Protestant." So it was with the South after the war; stripped of both fame and riches, except in memory, she had to content herself with the address of the men who had the money, and we have very recently reached the point when we find our own address somewhat in demand in some quarters.

We are reminded that this, the fortieth annual meeting of your Association, is the last to be held under the old order, and is upon the very threshold of the new. This being true, the deliberations of this meeting must be of the most far-reaching importance. The banking interests of the country are to grapple with new questions and confront many new conditions. It is a source of pride and an evidence of strength in our institutions that the banking interests of the country have so promptly, cheerfully and patriotically accepted and acquiesced in the changed relations between the Government and the banks, and, in a measure, between the banks and the people. Without commenting in detail on the nature of these changes, I desire to express my own belief, and I think the belief of the people generally, that the net results to the Government, to the banks and to the people will be a better understanding, each with the other, and a gradual knitting together of all in interest and sympathy, so that the entire financial structure will rest on the secure foundation of mutual confidence, public and private. No better evidence of this can

be found than in the steadiness and courage with which our financial institutions generally have met and discharged their appropriate functions in the face of a foreign situation, which, under conditions of mutual distrust, might have led to disaster to us all. The frightful struggle now raging across the waters might be a disturbing factor but for the assured soundness of our monetary system, coupled with the wise and statesmanlike policy of a National Administration which plucks from the nettle, danger, the flower of safety, rather than learn by the sword the bitter lesson of the value of peace. True it is, that European disturbances are casting their shadows on some branches of American commerce, a condition recognized as requiring patient waiting, but according to all the lessons of history and of human observation, we should find ourselves, when the smoke of battle shall have lifted, in a position of relative advantage, commercially and financially, which should satisfy the most advanced prophets of optimism. It is not too much to hope that the curtain which we trust will soon fall upon the bloody drama now occupying the European stage, will rise again, and when it does that the scene will be shifted to the Western Hemisphere, and on that great stage we shall see the mighty hosts of peace eager to bind up the gaping wounds of war, to weld together the bands that have been broken asunder, to heal the scars that have been left in the path of the destroyer, and to build upon the ruins of war a temple of peace for all the world. To the great financial institutions of the country this noble host will look for the sinews of peace, which are no less essential than the sinews of war.

We are especially gratified that in this hour of just pride in your great achievements and of intensity of interest in the future that awaits us all, you have chosen the capital city of the Old Dominion as the place for your important deliberations.

Gentlemen of the American Bankers' Association, on behalf of all our people, I once more extend you a hearty welcome to Virginia.

PRESIDENT REYNOLDS: I take great pleasure in introducing Hon. George Ainslie, Mayor of the City of Richmond.

Address of Welcome, by George Ainslie, Mayor City of Richmond.

MAYOR AINSLIE: Mr. President and Gentlemen of the American Bankers' Association, I was very glad to hear President Reynolds' explanation, and to know that it was only his throat and not his head that was sore.

I read some time ago an address delivered by the Comptroller of the Currency, Mr. John Skelton Williams, who is a Richmond man. The address was delivered to the Indiana Bankers Association. In it he unblushingly confessed that Virginians were very much given to the habit of boasting about themselves and claiming everything in sight; and he proceeded to claim for Virginia about everything that the Indiana Bankers Association and their membership had ever done. I never have understood why people thought it was necessary for Virginians to boast about themselves. You do not have to boast about anything that you can prove by the Bible. The position, the condition, the standing of Virginians, according to one authority, can be and is established by the Bible. A short time ago an old negro preacher up in Virginia was preaching to his congregation, and, in order to impress upon them their duties and responsibilities, particularly as Virginians, he appeared to read out of the Book: "There are four chosen tribes of the Lord, and, whatever may happen, them tribes is sure of salvation. It don't matter how much they may be scattered, when the good day comes the members of them four tribes is sure of final and complete salvation; and them tribes, listen to me, my brethren, is the Huguenots, the Hottentots, the Abyssinians and the Virginians."

So that while one's position both here and hereafter is fixed by such high authority, I do not see any reason for taking up time to boast about it, nor shall I take up your time to boast to you about the city of Richmond. But my pleasure and pleasing function is, in the name of the people of this city, and on the part of the people of this city, and in addition to the welcome that has been extended to you by the Governor of Virginia, to extend to you a warm and cordial welcome; to welcome you to our city; to welcome you to its traditions; to welcome you to its hospitality; to an acquaintance with its people, which I hope will develop into a real and true friendship, and to wish for this Convention that its deliberations may result in pleasure and profit to its members, and through them to the people of this whole nation, whose servants you are.

PRESIDENT REYNOLDS: Gentlemen of the Convention, I have the very great pleasure to introduce Col. John B. Purcell, President of the Richmond Clearing House Association.

Address of Welcome, by John B. Purcell, President of the Richmond Clearing House Association.

COL. PURCELL: Mr. President and Gentlemen of the American Bankers' Association, I am glad that I am accustomed to the word "Banker," and have not classed you, as the Governor did, among the "Bar."

It is said that nowhere shines so brightly the sun as in Virginia. I hope we will be able to give you a sample of other weather before you leave, to show you that nowhere does the rain fall so gently as in Virginia. We want to show you all conditions of climate, and we want to welcome you to our delightful sunshine, our gentle rains, and to our hearts and our homes.

It is said that we Virginians, and Richmond people especially, are very boastful and sentimental. Let me tell you that in Richmond, at least, we endeavor to make good use of that sentiment, and when our fevered brows are overcast with deep thought and we have problems to confront, we find it is a great relief to us to go and stand where Patrick Henry lit the torch of liberty in this country, or before the bronze image of Washington and his compeers, to drink inspiration of patriotism; or perhaps before the effigy of Lee we remember the tramp of his legions as they passed through Richmond to strengthen the thin, gray lines about us. To all of these we welcome you, that you should feel that these things of which Virginians boast, that these

monuments of history, of tradition and sentiment, are not ours alone. We are but the custodians of them. They belong to the great American nation. We are not proud of them personally; we feel that they are but incentives for this generation to do in their time and day what our forefathers did for this nation in their times. We bid you welcome to your own, and that you may seek to drink inspiration of patriotism at the same time that you are laboring with the greatest problems of finance that have ever confronted this nation since its beginning. We invite your surcease from care and thought, and that you will, like us, go to these points of interest, and there remember that they, though in Virginia's care and protection, are as well in the care and protection of this whole country. I welcome you, gentlemen of the American Bankers' Association, to these and to all the hospitalities, traditional and actual, that we have. We want you to feel at home. We want you to go home with a feeling that in many instances you have visited the home of your fathers; that if you are not descendant from Virginians, as many of you are, you have, at least, come to the shrine, to the cradle of American liberty.

Here upon our shores—and we propose to take you there—is the sight of the first English settlement in this country; and we invite those who trace their traditions from the Pilgrim fathers to believe that we think that they, too, have a history equal to Virginia; that they, too, cherish that history, and that we two together have been the formation of this great American people.

We welcome you, gentlemen, to our hearts and to our homes.

Response by Arthur Reynolds, to Addresses of Welcome and President's Annual Address.

Governor Stuart, Mayor Ainslie and Colonel Purcell:

Your cordial words of welcome and the kindly sentiments you have conveyed have indeed touched our hearts and make us feel very happy that this convention has been held in the beautiful and historic city of Richmond.

It has occurred to me that underlying all you have said there was that generous hospitality so emblematic of the Southern people and nowhere in this wonderful section of our common country is its homelike kindness more noticeable than among the people of this city and of the great State of Virginia.

The cavaliers who landed at Baltimore did not confine their sentiments and characteristics to any boundary lines, and Virginia and Richmond hold a just pride in their old and honored families.

The modern Richmond breathes the atmosphere of the New America and looks back with gratification upon the roll of honor of such historic characters and old familiar family names as Madison, Monroe, Randolph, Spotswood, Marshall, Mason, Lee and Washington "of Northampton and Virginia." The entire nation joins with Virginia in paying homage to these sturdy characters whose influence upon our civilization and development were so marked.

In and around this city have occurred some of the most stirring scenes in American history which have long since gone down as an epoch in the wonderful progress of a country destined to occupy a position of great prominence in the respect and confidence of the civilized nations of the world.

Your words of welcome and generous expression of good will are fully appreciated, and I am sure I voice the sentiments of all those present when I express the hope that the memories and honors of the past, of the people of Richmond and Virginia, will ever continue untarnished, and in the full enjoyment of a prosperous present you may look forward to an inviting and successful future.

Those of us who had the good fortune to attend the former convention of the American Bankers Association held in this city, will long remember the splendid entertainment extended to us at that time, and we have looked forward to our meeting this year with a great deal of pleasure.

We thank you for this welcome and feel sure our stay among you will be one of profit and enjoyment.

ANNUAL ADDRESS.

The American Bankers Association is recognized as one of the most important and potential voluntary organizations of the present time.

It is, indeed, an honor and a pleasure to be permitted to preside over this meeting on the fortieth anniversary of this great Association.

I feel that the membership is to be congratulated upon the wonderful growth and progress that the Association has had.

I predict that the work has only begun, and in the future its influence will be exerted as a still greater force for good.

During the past year your Association has continued to show its usual progress and development of those activities which its permanent policy has proven beneficial, not only to the banking business, but in its relations to the public.

Upon the membership of any organization or association depends its success or failure. It is not only a question of members, but more that of purpose and the character of those who join together in a single body for common good.

That the American Bankers Association has continued to grow and become more useful, not only to its own members, but to the nation as well, is an indication that its inception was grounded in correct principles and that its policies are enlisting popular support.

With a membership now of about 15,000, I feel the Association is to be congratulated upon the increase which has been made during the past year, for only a limited number of banks may become members, and our membership is already very large.

The wisdom of the creation of the Executive Council has been demonstrated through a successful experience of many years, and the work of that body during the past year has called for more than ordinary responsibility, which its members have fully assumed.

The activities of all the sections and committees and commissions of your Association have, during the past year, been maintained at their former standards of efficiency; and their work has not only met with the approval of the membership, but has also engaged the attention of the people; and in view of the fact that the Secretary's report, as well as the reports of these bodies, cover full details of the progress made by these various branches of the organization, I deem it unnecessary to refer to them in detail.

Your General Secretary has been industrious and energetic in the

conduct of your affairs, and is entitled to your gratitude and commendation.

In my connection, extending over a period of years, with the Association, I have always been impressed with the spirit of co-operation and loyalty exhibited by the members and the various sections and committees, and never more so than during the year just past, covering my official relations with the Association, and I desire to acknowledge the splendid support which you have extended to all of the Administrative Officers of the Association.

Among the bankers of the country, and especially at the meetings of your Association, the principal topic of interest and discussion for years has been the one relating to the question of so reconstructing our financial system as to make it safe and serviceable for modern business requirements.

The Federal Reserve Banks now in process of formation have enlisted the support of all the National Banks of the country, by reason of the provisions of the act, which compelled them to subscribe to the stock of Federal Banks or forfeit their charters, and, notwithstanding the differences which have existed, the National bankers have submerged their opinions and are extending the system a cordial support.

A limited number of banks and Trust Companies organized under State laws have also come into the system, but not to the extent necessary to warrant the anticipation of that complete unification of our entire banking system so long desired.

All those banks who have joined are giving the system their hearty support, but only the wisdom of management by the directors and officers of the various Reserve Banks, and of the Federal Reserve Board, can insure the success of the experiment.

It was asserted by some during the discussion preceding the enactment of the bill that the withdrawal from the channels of trade of the large sum necessary to capitalize the Federal Reserve Banks, as well as the reserve required to be deposited with them, would work a disastrous contraction of credit.

On the other hand, it was pointed out that the privilege the member banks had of rediscounting with the Federal Reserve Banks would at once relieve the situation, and hence no contraction of credit was to be anticipated.

Those in charge of the measure, however, yielded to the advice of the bankers, and reduced the percentage of subscription, and spread the deposit of the reserves over a period of thirty-six months.

The principal object in view by the originators of the plan was to add stability to our banking by devising a system that would alleviate the periodical stringencies to which business in this country was subjected, and to prevent those disastrous panics which followed. Any operation under the system which by an immediate return to the channels of commerce by the rediscounting plan, to prevent the contraction incident to the withdrawal of so large a sum from business, would, to that extent, defeat the ability of the Federal Reserve Banks to relieve any stringency. It seems to me that if these banks are to be always in a condition to ward off disaster that we will, at the beginning, be compelled to submit ourselves to some contraction. To hold both positions is illogical, if not impossible.

It may be said that the reduction in the reserve requirement of the National Banks under the new law will release funds to alleviate the strain; and so, indeed, it will, if the banks will use them for that purpose.

It may, however, be pointed out here that a *statutory reserve* is not necessarily a *safe reserve*, as the reserve requirement of every properly managed bank depends upon the character of its business rather than upon legal enactment.

The rule of the banker must be "safety first," regardless of contraction. He owes this duty to both his depositors and stockholders.

What, then, will be the course of those managing the Federal Reserve Banks? They must cause a contraction of credit if they keep impounded the means to at all times relieve distress, and if they rediscount at once and freely, they deprive themselves of the ability to do so.

It will require rare wisdom, indeed, to meet so contradictory a situation.

If we had any assurance that the Federal Reserve Banks would hold large deposits aside from those which the Government may place with them, there might be a workable margin, but as both the capitalization and deposits of the reserve are forced, I see no inducement for member banks to keep active accounts with the Federal Reserve Banks beyond the amount of the required reserve. Their commercial relations with the other banks of the country will always be more productive, and at the same time conform to the natural trend of business; besides which they now receive interest on their daily balances kept with their correspondents.

The expansion of credit in the operation incident to rediscounting by the Federal Reserve Banks will become apparent immediately upon its consummation, and by the injection of the notes at the same time expand our circulation.

I have not yet heard any argument advanced which justifies the conclusion that they will be as rapidly retired when they have served the purpose of issue. Under present methods, if the customer of a bank obtains the use of credit, whether it be an individual, another bank or corporation, the extension of credit takes some form of a credit instrument which does not remain in existence for more than a few days and works no increase in our circulation.

To the extent, therefore, that the notes of the Federal Reserve Banks remain in the hands of the people and in the possession of other banks they will be redundant.

No continued effort to retire any of our circulating medium has ever been made since the Civil War. The National Bank notes have shown a steadily increasing volume. The endeavor of the Government to reduce the amount of the legal tender notes was in response to public demand, discontinued shortly after its inception, and over \$340,000,000 of this class of currency is still in use.

As there is only a partial retirement provided for in the bill it will depend upon the Federal Reserve Banks themselves, and upon the judgment of their directors to determine when, and to what extent, they shall prevent undue expansion of the new currency.

With the practicability of the plan admitted the question that naturally propounds itself to those engaged in banking is, How will its operation affect the profits of their business. Reasoning from the fact that the Federal Reserve Banks will not enter into competition for

the commercial business of the country and for the reason that they will be obliged to quote a rate of discount at least as high, if not higher, than commercial rates in order to maintain the resources necessary to enable them to extend help in need, I believe the conclusion is warranted that in the future, as in the past, rates of interest will be governed by the law of supply and demand.

The Federal Reserve Banks have no way of increasing the supply of actual money in existence; if they had, they might reduce rates. Their most efficient help in that connection may at times result from raising rates to stabilize conditions.

It is only necessary to cite the fact that in those countries which depend upon their central banks to maintain the stability of conditions which in their experience has prevented those panics to which we have been subjected, we find those central banks maintaining a discount rate always higher than the commercial rate in the same country.

In England, where banks seldom rediscount with the Bank of England, it maintains the higher rate, and in Germany and France, where they rediscount more freely with their central banks, the same policy prevails. All these central institutions seemingly realize that by such a course only can they harbor their resources.

The benefits of the operation of the new system will become apparent with the lapse of time. It was not enacted to meet a pending emergency, and too much must not immediately be expected. The change will be gradual and should be regarded as an evolution in the banking business, during which the bankers themselves must rely upon their own resources, and conservation should be the watchword. Any effort to utilize the rediscounting privilege primarily for profit should be discouraged.

It must always be kept in mind that to realize the chief object which Congress had in view the Federal Reserve Banks must always be ready to extend help; they cannot maintain this position if the member banks keep them drained of their resources in ordinary times.

One of the deficiencies of our present National banking system is our inability to establish or maintain a foreign exchange market. The new system opens the way to supply this long-felt want. While a single central institution could more easily control the exportation of gold, by the operation of such a market, yet by proper action the Federal Reserve Board may so co-ordinate the business of the twelve Reserve Banks as to produce the desired result.

If the Federal Reserve Banks will, in ordinary times, invest a large part of their surplus funds in foreign bills, instead of solely in rediscounts to domestic banks, such action will serve a double purpose. First, it will aid in maintaining our gold reserve, which is the foundation of credit extension, as foreign countries cannot call upon us for that metal if we force sale of such bills upon their markets. Secondly, the resources of the Federal Reserve Banks, by reason of the greater liquidity of the foreign bills, will be at all times more ready to respond to business needs. The limited character of business to which the Federal Reserve Banks are confined by the act does not warrant the presumption of excessive profits, and the limitation of the dividends to 6 per cent. was a wise provision, indicating that they have not been established primarily for profit.

Such a policy at the same time would furnish a source of profit to these banks. It is this class of business that is sought by the bankers of Great Britain and its ramifications extending all over the world have made London its financial center. Had our financial relations with other countries been established upon such a basis, and our foreign exchange massed and controlled by a single agency, we would have been in a position to check the recent outflow of gold. Instead we were obliged to close our exchange and practically refuse payment.

One feature of the act creating the Federal Reserve Banks, to which little, if any, reference has been made, is found in that clause of the law which leaves to the discretion of the Secretary of the Treasury the continuance or discontinuance of the United States Independent Treasury system.

It has been popularly supposed that with the opening of the Federal Reserve Banks, Government funds would be deposited in those banks, and the independent treasury system and its consequent expense, both to the Government and the business of the country, would be a thing of the past.

A careful reading of the law, however, discloses the fact that its authors had no such intention, and that if Government funds are deposited in these banks, or if they are appointed fiscal agents for the Government, it will be at the discretion of the Secretary of the Treasury alone and that the bill does not provide for the abolition of the present system.

It is a just criticism of the measure to say that it does not take the Government out of the banking business, and that it confers upon one of our Government officials an extraordinary power and discretion, unwarranted by the spirit of our institutions and repugnant to republican principles.

There is no reason why the funds of the Government, taken from the people by taxation, should be handled in other than a business method. To avoid the alternate contraction and expansion in the quantity of circulation incident to the collection and disbursement of the vast sums handled by the Government, they should be deposited and checked against just as the funds of business institutions are and beyond individual control. The power here conferred upon the Secretary of the Treasury to control money and credit, if attempted by the members of this Association, would probably call for a special act of Congress to curtail their activities.

During the lengthy discussions over the modifications of the Federal Reserve Act, and especially those relating to the Federal Reserve Board, the bankers of the country exhausted every effort to obtain that representation, by provision in the law, to which their interests clearly entitled them.

Failing in that effort they obtained in lieu of what they should have had a clause authorizing an advisory council, similar to that in vogue in Germany.

While the powers of this council are confined to specified activities, yet from the character and experience of the men who will be chosen by the directors of the various banks, it should wield an influence upon the administration of the system that was denied them in its management.

The Federal Reserve Board must convene the Council at least four times each year; and it has the right to make such recommendations

in relation to the general affairs of the reserve banking system as its wisdom may dictate. It may also meet at its own discretion, and has power to call for the information necessary to keep it fully advised of events and conditions in all matters relating to the system.

The experience in Germany has been that the advice of its Council in the conduct of the Reichsbank is rarely refused and generally followed. This result is logical, and as those in charge of the new system become involved in the intricacies of the financial system of this great nation they may be glad to avail themselves of its assistance.

Even a political board, when advised by men competent to demonstrate the principles which underlie the difficult problems of finance, will welcome such help.

The fundamental features of the bill organizing the Federal Reserve Banks are, in the main, sound, and the establishment of the Advisory Council may furnish the balance, without which the system might be deficient.

As the various problems in the management of the new banks arise, others than those mentioned will, no doubt, come up for solution. With competent directors of the class already chosen for the banks and with the Federal Reserve Board already organized, composed of men both capable and experienced, we may look with confidence for a proper solution of any difficulties that may appear. None more than the bankers have for years been earnestly demanding some change in our former system; and it may be confidently predicted that their efforts to make it successful will be at the command of those in charge of its operations. They realize that legislation on any question cannot be dictated solely by one set of men or any particular class of interests, and their suggestions and arguments during the preparation of the measure were presented forcibly and in good faith.

Now that the step has been taken, I believe they will be ready to do their full duty in bringing to the country such prosperity as we may reasonably anticipate under present conditions.

Since our meeting of a year ago questions of serious import have been up for consideration and solution, and no opportunity has been lost, either by this organization or by its members, to impress upon the public the necessity of those sound principles of public policy which make for stability and ultimate success. The work involved has been onerous and, at times, not encouraging, but the hope that right principles and sound business policies will in the end prevail has permitted no cessation in the effort which has now assumed the task of enlightenment upon subjects that to many people appear as intricate and abstruse.

The greater part of the energy exerted in this particular has been directed toward the many forms of legislation on the part of the general government for control of corporate action. If the tendency had been in the direction of constructive legislation, bankers and business men would have been found welcoming the effort. That they have not so construed the movement is evidenced by their repeated objections and protests. It would seem that our lawmakers had failed to recognize the momentous change which has been wrought by the great industrial expansion which has taken place throughout the entire world, and, viewing it only from the standpoint of our domestic condition, are seeking to turn back the tide of progress by repressing the organizations which the evolution of the new condition required for its continuous operation and development, and which have involuntarily sprung into existence all over the country.

The political factor in the situation is the stumbling-block to progress in the right direction. Public opinion, when properly informed, will not tolerate the continuance of the present program when it realizes that such a course will handicap this country in its competition with other nations whose policies are the reverse of ours. In order to establish a theoretical "new freedom," it does not seem to me that we should be compelled to sacrifice our business progress, surrender our rights as business men, and be forced to delegate the control of our own affairs into the hands of government appointees.

The avowed theory of the proponents of this program is to protect the investor regardless of his right to manage his business for his own protection; and, in face of the fact that when the control of his business has been invested in those whose selection will devolve upon political authority, we have no assurance that the experiment will be successful.

While the purpose at the beginning was ostensibly to curb some large corporations and combinations which were said to be exerting their power in a vicious manner, now the idea seems to have spread and includes all business.

These attacks have already shown their results; happiness has been succeeded by discontent; apprehension rules where confidence and optimism formerly predominated.

The continuous and unjust attacks which have been made upon the banking business by the proponents of our recent forms of theoretical and scholastic legislation, combined with the pronounced prejudice exhibited by the administration and legislative branches of the Government, have greatly influenced an unfair public opinion.

We are to-day in the maelstrom of uncertainty; State and Federal legislation for the control of business by bureaus and commissions under political domination seems to be the order of the day, and the advocates of this policy are endeavoring to create prosperity by legal enactment, disregarding those agencies which have heretofore been most efficient in promoting it. They do not appear to recognize the fact that the rapid industrial development which has taken place throughout the world has produced conditions which have required radical changes in business methods.

With this wonderful onward march our country has kept pace; where formerly individual effort and disjointed interests were the instruments employed, now co-operation, both of capital and the individual, have taken their place.

This is the grand transformation which our reformers, failing to recognize, are seeking to control by a political policy which, if logically completed, will dominate the economic policy of the people—if it does not go farther and plunge us into the sea of socialism.

In their efforts to reach a few men who have taken unfair advantage under the new conditions, they overlook the fatal handicap they are imposing upon the entire business structure of this country, under which competition with the world at large, already difficult, will be still further impeded.

If these would-be reformers were pursuing their policy in response to a great popular demand for such action, they might be justified in

such a course. Aside from the usual expressions and stock promises of reform that we read every four years in the platforms of all political parties, there is no organized effort for much of the legislation that has already been enacted, or is still under consideration. The commercial organizations representing the business interests of this nation have not demanded it and, on the contrary, have protested and objected, and even labor organizations have confined their activities to those subjects which only concern their present interests.

The protests of the bankers and business men against this invasion of their liberties has not only gone unheard, but organized effort to modify some of the drastic measures proposed has been openly referred to as "conspiracy to influence legislation."

I cannot admit that legislation upon any subject is so sacred or beyond criticism that the people who are the masters of those who must enact it shall be debarred the right to be heard, and believe that the business interests have a special claim on the attention of the lawmakers at this time. If the right of appeal is by such tactics to be denied to any class of our citizens, may they not justly fear the good intentions and doubt the wisdom of those who assume to do so?

I do not believe that the people have abandoned those principles underlying our economic structure which have enabled us to attain our present position in the business of the world.

I do not believe our law-makers desire to champion the cause of those who demand a redistribution of property, by law, if possible, or by other means, if necessary, but a logical continuation of their present course will ultimately place them in that position.

Experiences such as we are going through have been met by other nations; the rights of a people have in the past been granted by a stroke of the pen, but the liberties of a nation have never been thus suddenly subverted, and it is from gradual encroachments that such a danger comes.

But what of the remedy?

Shall what I now say to you on this important problem be simply put upon record as another of those unheeded protests that have preceded, or will the bankers and the business man take heed and take action through the full exercise of their rights as citizens?

The time has come when we must take a more active part in the practical politics of the day, for the banker and business man to wield that influence in our Government to which they are entitled must make more effective use of their citizenship in the future.

Heretofore we have contented ourselves by forwarding or adopting resolutions; now we must resort to individual effort and must ourselves take part in the work instead of relying solely upon the Chamber of Commerce, the local Board of Trade, or the State Bankers Association.

These organizations have done well and from their representative character are justly entitled to be heard, but such work, to be effective, must be supplemented at home by the citizen, the man from whom the law-maker holds his commission. Denying the assumption that the business man has no place in politics, let him now find his true place, and by an independent, fearless exercise of his rights as a citizen, acquire his share of influence in the making of the law, as well as its administration.

In a democracy, where the majority rule, ballots are the most effective argument with the office holder. The influence exerted by this Association and the various State Bankers Associations throughout the country, supplemented by the individual efforts of the bankers and business men in their own localities, constitute a force that, properly directed, may yet give us that share in the making of the laws to which we are entitled.

This country is dotted over with small country banks, usually managed by men of prominence in their own communities, and their appeals to the home Congressman may be made more effective by active participation in his campaigns than by a passive acceptance of the gifts that fate may otherwise bestow.

Regardless of the activities of the reformers who would have the people believe that the banker is not to be trusted in matters in which he is directly interested, I feel sure that the general business public with whom the banks come in close touch recognize in the banker a force for good in the community in which he resides, and the daily expression of those human qualities which make for confidence and honest handling of affairs have established the banker as a friend of the people and worthy of any trust.

How absurd the idea that the banker could hope to thrive under any other condition than the prosperity of his customers; as the people succeed so does the banker. The broad competition in the banking business in this country would alone compel fair treatment. No other country in the world enjoys so many financial institutions, organized very largely to care for the requirements of individual communities.

The bankers of the country should strike out boldly and fearlessly, and should refuse to permit the imputations that have been laid upon them and their business to go unchallenged. They should not allow the politicians to use them as a buffer for their own selfish purposes.

At no time in the history of our great country has there been such a necessity for cautious and conservative action as to-day, and progress can only come through the creation of a safe and sane public opinion.

The American Bankers Association has done much to aid the general situation, and I feel is to-day equipped, both in intelligence and in force of organization, for a still greater work.

While the executive officers and committees of the Association and those who voluntarily ally themselves with them have been unceasing in their efforts to promote and protect your interests, by argument and personal appeal to those in power, you should not fail to do your part. Ballots will be found more efficacious than protests; the banker and business man has an equal right with any other class of citizens to seek by co-operative action to protect his own business, not by attempted control or undue influence, but by educating the public, which is entitled to a frank expression of your opinions and judgment, through which your influence must be exerted.

Business men have too long accepted legislation without protest or criticism, through fear of more radical measures in punishment of their efforts. The time has arrived for positive action by the business man in public affairs. Upon the course which you as individuals pursue will depend the results which may be secured.

The unsettled business conditions which have existed for some time, coupled with the present world-wide disturbance, have accentuated the situation, and if we are to have any general prosperity in the near future will depend much on whether the attacks upon business are to

be continued by our law-makers and additional drastic laws passed to further disturb the situation.

Even if all the laws proposed and passed were just and proper, it would be impossible to force so many and radical business changes without the results which we have experienced.

Indeed, the failure to aid railroads in their reasonable requests has not only undermined the values of one of the most important investments for savings funds, which will be felt not so much by banks and business men as by the common people, the salaried man and wage-earner, and which in due time will be fully appreciated by the public. A continuation of this policy will further impair the value of these stocks and bonds in the hands of European holders, who estimate them in proportion to their earning capacity, thus inviting liquidation of these securities, which will compel additional exports of gold with its attendant business disturbance.

The business men of the country are anxious to see the end of the depressing influence of congressional interference and bureaucratic restriction; they regard present methods rather as tyrannical than liberal, and no progress toward permanent prosperity is possible under a continuation in the present course.

Gentlemen, I think we will pass the various things upon our program, and I take great pleasure at this time in introducing the Honorable Martin W. Littleton, ex-Congressman from New York, and a gentleman well known to you all, and whom I am sure you will be glad to hear.

The Will of the People, by Martin W. Littleton.

[The address of Mr. Littleton is printed in full elsewhere, beginning on page 88.]

THANKS TO MR. LITTLETON AND PRESIDENT REYNOLDS.

MR. LIVINGSTONE, of Detroit: Mr. President, I move you, sir, that we extend a sincere vote of thanks to the Hon. Martin W. Littleton for his grand effort to-day in the presentation of his views on the protection of property of every class and every profession, and I ask that the vote be a standing vote.

PRESIDENT REYNOLDS: I will ask you, gentlemen, to signify your approval of the motion by rising.

(The audience arose en masse amidst great applause.)

MR. WEXLER: Gentlemen, I would like to offer a resolution of thanks to the President of this Association for the sensible, straightforward and fearless manner in which he presented the matter of encroachment upon the rights of our people and upon the interference in our public affairs, which we have heard here to-day; and further, that the galley of this address be reprinted in pamphlet form and sent to each member of this Association in order that the spirit which underlies his address may be disseminated generally among the people of this country, so that further such interference in public affairs may at least be stopped in so far as the ability of the bankers makes it possible.

(Carried.)

AMENDMENTS TO CONSTITUTION.

PRESIDENT REYNOLDS: We will take up at this time the amendments proposed as set forth in the printed program.

THE SECRETARY (reading):

Report of Committee on Amendments to the Constitution Relative to Section Membership.

TO THE EXECUTIVE COUNCIL:

At the Spring meeting of the Executive Council at Hot Springs last May, the fact was pointed out that under the Constitution as it now stands no member of the Association could be a member of more than one Section and this prevented members from joining both the Trust Company and Savings Bank Sections and deriving the privileges of such dual membership. As the result of discussion indicating the desirability that every member of the Association should have the right of becoming members of more than one Section with all the attendant privileges and full voice in its affairs, save only that there should be no right to vote for officers of more than one Section, the undersigned committee was appointed to prepare a suitable amendment to the Constitution to carry out this purpose and submit it to the Executive Council at its next meeting.

In accordance therewith your Committee have prepared and submit the following:

Amend Article X, Section 1, by inserting in line four thereof as printed in the book containing the last annual proceedings after the word "Section," the words "or Sections whose Constitution or By-Laws permit of such membership," and in line five, after the word "interests," the words "provided, however, that no member shall have the right to vote for officers in more than one Section and shall at the time of becoming a member in more than one Section designate in which Section he

so that Section 1 as amended shall read as follows:

Sec. 1. Sections of the Association may be authorized or confirmed and regulated by By-Law, for the promotion of the welfare of the different business classes of the membership, and any member of the Association may become a member of such Section or Sections whose Constitution or By-Laws permit of such membership as may best benefit such member's business interests, provided, however, that no member shall have the right to vote for officers in more than one Section and shall at the time of becoming a member in more than one Section designate in which Section he

will exercise the right to vote for officers by giving notice to the Secretary of such Section, which designation cannot be changed until an intervening annual election, and when any Section is authorized by By-Law, the same shall, upon application made, be established by the Executive Council.

Certain of the Sections of the Association are composed of a special class of members who are not members of the Association—for example, the Clearing House Section is composed of Clearing House Associations—and in any general provision of the Constitution authorizing members of the Association to become members in one or more Sections, our Committee has thought it wisest, for the sake of consistency if nothing else, to provide for membership in those Sections only whose constitution or by-laws permit of such membership.

A copy of this proposed amendment was submitted to the General Secretary more than thirty days before the annual session of the general convention, as provided in Article XI, Section I, of the Constitution for action in accordance with such Section.

Respectfully submitted,

J. F. SARTORI,
J. H. MASON,
W. M. VAN DEUSEN,
C. A. HINSCH,
C. E. BURNHAM.

Mr. Goebel moved that the amendment be adopted. (Carried.)

THE SECRETARY (reading):

EXECUTIVE COUNCIL TO FIX CONVENTION CITY AND TO SET ASIDE DAY FOLLOWING CONVENTION FOR COMMITTEE MEETINGS.

Amend Article III, Section 2, to read as follows:

Sec. 2. The General Convention of the Association shall meet in Annual Session at such times and places as shall be fixed by the Executive Council, and it shall be the duty of the Executive Council to set aside one full day immediately or within forty-eight hours following the day of adjournment of the annual convention for the purpose of holding meetings of the Executive Council and the various Committees. Special sessions of the General Convention shall be ordered upon the request, in writing, of one-third of the membership of the Association, or if the general welfare shall require, upon the request of three-fourths of the members of the Executive Council made to the President, and in either of such cases, the General Secretary of the Association shall fix the time and place for such meeting and issue the call to the members.

Note.—Two changes are made in the present Section 2 by the proposed amendment. The first is to confer on the Executive Council the power of selecting the city for holding annual conventions instead of such power resting in the general Convention. The second is to carry out a recommendation made to the Executive Council at Hot Springs which was adopted by the Council, that there be a full day immediately following the adjournment of each convention for Council and Committee meetings, as by this method the various committees will be able to begin the new year's work in a more comprehensive way. The words "or within forty-eight hours" are inserted to provide for a situation such as will occur at Richmond, where the Convention will adjourn on Thursday and a program of entertainment is arranged for Friday, so as to permit of Saturday being fixed for Council and Committee meetings.

Amend Article V, Section 8, by inserting after the word "immediately" the words "or within forty-eight hours," so that the first portion of the section will read: "The Executive Council shall meet in session for organization and other duties immediately or within forty-eight hours after the final adjournment of the annual session of the general Convention," etc.

Note.—This amendment is suggested to make the section harmonize with the amended Article III, Section 2.

Mr. Goebel moved that this amendment be adopted. (Carried.)

The Secretary (reading):

A VICE-PRESIDENT, MEMBER OF NOMINATING COMMITTEE AND ALTERNATE FOR EACH STATE.

Amend By-Law fifth to read as follows:

Fifth. Each State shall elect a Vice-President for such State and also a member of the Nominating Committee for such State and an Alternate. In each State having a State Bankers' Association such election shall be made at the annual meeting of such Association and certified by the Secretary to the General Secretary of the American Bankers Association. For each State having no State Bankers' Association such election shall be held at the time and place of the annual convention of the American Bankers Association at a meeting of the members from such State called and presided over by the Vice-President for such State prior to the time when the newly elected officers will be required to take up their respective duties. State Vice-Presidents and members of the Nominating Committee shall have the same qualifications as delegates to the general convention and shall forfeit their office by removal from the State by which elected or by the loss of any qualification required of a delegate.

Amend Article IV, Section 3, to read as follows:

Sec. 3. The members of the American Bankers Association in each State shall annually elect a State Vice-President in such manner as shall be prescribed by the By-Laws. It shall be the duty of State Vice-Presidents to preside at meetings of the members of this Association in their respective States or at the time of the annual convention of this Association and to enforce the rules and regulations of this Association as to such membership. In the absence of the State Vice-President from any duly called meeting, a Chairman elected at the meeting shall preside. State Vice-Presidents shall hold office from the opening of the annual session of the General Convention first ensuing after their election until the opening of the annual session of the General Convention then next ensuing.

Amend Article IX, Section 1, to read as follows:

Sec. 1. The members of the American Bankers Association in

each State shall annually elect a member of the Nominating Committee and an Alternate in such manner as shall be prescribed by the By-Laws. It shall be the duty of such Nominating Committee to meet as soon as practicable after the first adjournment of the General Convention, assembled in annual session, next ensuing after their election, at the call of the General Secretary of the Association, and organize by the selection of a Chairman and Secretary from their number. They shall recommend a candidate or candidates for President of the Association, and a candidate or candidates for Vice-President of the Association, and the Nominating Committee shall make report of its recommendations so made, to the General Convention, at any subsequent session of the General Convention, but prior to the order fixed by programme for the election of officers. The nominations or recommendations made by the Committee shall not exclude the name of any person otherwise nominated in the Convention, and under the regular order for the election of officers any delegate may place in nomination, any qualified member for President or Vice-President, or both.

Amend Article II, Section 7, to read as follows:

The word "State" or "States" as in this Constitution contained shall be held and construed to include the District of Columbia, Alaska, Hawaii, Porto Rico, the Philippines and the Panama Canal Zone.

Explanatory note:

By-Law fifth is proposed to be amended so that instead of each group electing a Vice-President and member of the Nominating Committee, each State in the group is given this right, which is extended to all the Territories and Dependencies, for Article II, Section 7, is proposed to be amended by including in the word "State" all such Territories and Dependencies. Article IV, Section 3, providing for State and Group Vice-Presidents, has been correspondingly amended, as has also Article IX, Section 1, providing for election of members of the Nominating Committee. In all these, also, provision is made for the election of an alternate member of the Nominating Committee, who may act in the absence of the regularly elected member. The time and place of election for all States that have no State Bankers Association is fixed at the annual convention. A provision is also inserted requiring that a State Vice-President or member of the Nominating Committee shall be qualified as a delegate. Such a qualification for members of the Executive Council is provided in Article V, Section 4.

Mr. Gwin moved that the amendments be adopted. (Carried.)

PLACE OF ANNUAL MEETING OF SECTIONS.

Amend By-Law sixth by adding at the end thereof the following:

No section, except the American Institute of Banking Section, shall hold its annual meeting at any other time or place than that of the Annual session of the American Bankers Association.

Note.—The above is the substance of a motion made and carried at the meeting of the Executive Council, October 9, 1913. To give it effective force it should be contained in the By-Laws.

Mr. Goebel moved that the amendment be adopted. (Carried.)

ADDITION OF GROUP V AND CHANGE IN METHOD OF ELECTION OF COUNCIL MEMBERS REPRESENTING GROUPS.

Amend By-Law fourth subdivision (c) to read as follows:

(c) States having less than one hundred members of the American Bankers Association within their respective borders and which are not hereinbefore provided for, shall be grouped as follows, to wit:

Group No. 1 shall be composed of the States of New Hampshire and Vermont.

Group No. 2 shall be composed of the States of Delaware and Rhode Island.

Group No. 3 shall be composed of the States of Arizona and New Mexico.

Group No. 4 shall be composed of the States of Utah, Wyoming and Nevada.

Group No. 5 shall be composed of Porto Rico, the Canal Zone, the Island of Hawaii, the Philippines and Alaska.

Each group, with the exception of Group No. 5, shall be entitled to one member of the Executive Council. The members of the Association in each State in each group, except Group No. 5, shall have the right to select in rotation a member of the Executive Council to represent their particular group. The order of rotation of the States in each group shall be as above set forth. Such election in any State having a State Bankers Association shall be in the same manner and be governed by the same rules of procedure as provided in subdivision (b) for the election of members of the Executive Council from States having more than one hundred members of the American Bankers Association. In any State having no State Bankers Association, the election shall be made by the members from such State attending the annual convention of the Association at a meeting called and presided over by the Vice-President for such State at an appropriate time prior to the organization of the new Executive Council. Any contest arising from such election shall be heard and determined by the Executive Council. Provided that a member of the Executive Council from any State in any such group at the time of the adoption hereof shall be and remain the member of the Executive Council for the group to which his State is attached until the expiration of his then term of office as a member of the Executive Council.

Note.—Subsection (c) has been rewritten. The amendment provides several changes, as follows:

Group 5 has been added. At the Boston Convention (see pages 309-312, Proceedings, 1913) the subject of the status of Hawaii under the new Constitution was brought up, and it was suggested there should be a new group composed of the territories of Hawaii and Alaska. The matter was referred to the next meeting of the Executive Council. At the meeting of the Council at Boston, October 9, 1913, Mr. Wexler offered a proposed amendment to the Constitution "that a fifth group shall be organized composed of Porto Rico, the Canal Zone, the Island of Hawaii, the Philippines and Alaska." It was pointed out

that after this amendment was adopted by three-fourths of the Council it would not become operative until approved by a majority vote of the next convention; further, that the amendment would only carry with it the power to have a vote in the making of nominations for Presidents and Vice-Presidents, but would not give the group any representation on the Executive Council until their combined membership reaches 100. The amendment was unanimously adopted by the Council. It is therefore inserted as an additional group in the redraft of subsection (c).

The proposed amendment of subsection (c) also does away with the election of members of the Executive Council to represent the groups by conferees. This method has given dissatisfaction and is impracticable. In place thereof it is proposed that the member of the Council representing the group (except Group No. 5, whose combined membership being less than 100 is not entitled to representation on the Council) shall be elected by the States in the group in rotation at the annual convention of the State Bankers Association in the same manner as members of the Council are elected from States having over one hundred members. The order of rotation of the States has been changed from that of the present By-Law making New Hampshire first in order in Group No. 1, Delaware in Group No. 2 and Utah in Group No. 4, because these groups are now represented by members from these States. Group No. 3 remains the same because therein Arizona is first named, and the present Council member is from that State. Of all the States in the first four groups, Rhode Island alone has no State Bankers Association. For that reason there is a special provision that in any State not having a State Bankers Association the election of the member of the Council representing the group shall be at the time and place of the annual convention of the Association by the members from that State.

Mr. Goebel moved that the amendments be adopted. (Carried.)

DECREASE OF STATE MEMBERSHIP AND COUNCIL REPRESENTATION.

Amend By-Law fourth by adding at the end of subdivision (b) thereof the following:

Provided further that if, after the election of one or more members of the Executive Council from any State, the number of members of the Association in such State shall fall below the number necessary to entitle such State to all its elected members, the member last elected shall cease to be a member of the Executive Council until the membership in the State reaches the requisite number. In case two or more members have been elected at the same time, one or more of whom would be ineligible as above, the determination of which shall cease to be a member shall be by lot in a way to be provided by the General Secretary.

MR. GOEBEL: I move the adoption of this amendment, and in that connection would state that it is the understanding that it will not be enforced as to any one State that happens to be in arrears now, or until the next election.

MR. GOLDWATER: It seems to me this ought to be passed without any strings on it.

MR. GOEBEL: My motion was to adopt the amendment and merely incidentally I suggested that this would not be retroactive.

MR. GOLDWATER: It seems to me if there is nobody here from Tennessee who desires to object to this, we ought to pass it without any strings.

MR. ARMSTRONG (of Tennessee): Mr. President, I find myself and my associates in this rather embarrassing position. We have been selected by the Tennessee bankers to represent Tennessee in the councils of the American Bankers Association. The term was for three years. It is rather embarrassing for us to appear now as members of the Council if this amendment is adopted, because under this amendment we would be automatically retired. It seems to me the Association should define this amendment and say in plain language whether we shall serve out the term of three years or retire. I think the amendment proposed is wise and fair. However, at the time we were elected the quota of membership justified that election.

MR. HAWLEY: Mr. President, I move that we add this proviso, that this section shall not apply to members already elected.

MR. GOEBEL: I accept the amendment.

(The amendment was adopted and the original motion as amended was adopted.)

THE SECRETARY (reading):

TERM OF OFFICE OF TREASURER.

Amend Section 9 of Article V by adding thereto the following:

The term of office of the Treasurer shall begin on December first following the date of his election by the Executive Council.

Note.—This amendment is suggested for the reason that it is impracticable immediately upon the election of a new Treasurer for the old Treasurer to make transfer of the funds of the Association. The date of meeting of the new Executive Council at which the Treasurer is elected varies. The new fiscal year of the Association begins September first. Drafts for dues of members are then sent out and are in process of collection until November 30th. During this process it is impracticable to make a transfer of funds and the custom has therefore been established of making such transfer on December first.

MR. MARLIN: I move that the amendment be adopted.

(Carried.)

THE SECRETARY: The following amendment is proposed by E. M. Wing of La Crosse, Wisconsin:

PROPOSED BY E. M. WING, LA CROSSE, WIS.

Amend Section 15, Article V, by adding to the list of committees the following:

"(G) The Committee on Agricultural Development and Education." And by inserting at the end of the section:

"(G) The Executive Council at its first meeting, after the adoption of this amendment, shall elect from its membership three persons from the one-year class; three persons from the two-year class and three persons from the three-year class, who shall constitute the Committee on Agricultural Development and Education and whose membership shall expire with their membership in the Council and annually thereafter shall elect three persons from the three-year class to fill the vacancy occasioned by the expiration of term. Any vacancy occurring by death, resignation or other cause, shall be filled by election from the same class for the unexpired term."

Amend Section 16 by inserting at the end thereof, under the heading "The Committee on Agricultural Development and Education," the following:

"(G) The Committee on Agricultural Development and Education shall have in charge all matters pertaining to these questions and shall report in writing to the Executive Council and annually in writing to the General Convention."

MR. H. J. DREHER of Milwaukee: Mr. President, inasmuch as the Executive Committee reported adversely on this amendment, I move that the amendment be rejected.

MR. GOEBEL: I second the motion. I shall vote for the motion of the gentleman not from any desire to take sides in the little controversy that has been going on, but for the reason that we have just started to work under our new constitution, and I should be opposed to adding any more standing committees to the Council until we have worked for a few years longer and until we see whether the results which we expect from the new constitution will be attained and it will work as satisfactorily as we hope.

The amendment was rejected.

MR. LIVINGSTONE of Detroit: I move that we take a recess until half-past two.

A recess was then taken until 2.30 p.m.

AFTERNOON SESSION.

OCTOBER 14, 1914, 2.30 P.M.

PRESIDENT REYNOLDS in the chair.

THE CHAIRMAN: Gentlemen, the Convention will please come to order.

I have the very great pleasure at this time of introducing the Hon. Charles S. Hamlin of Washington, D. C., Governor of the Federal Reserve Board. This gentleman is one who is fully acquainted and known to you all, I am sure, a gentleman who has been a great student of this question, and one in whom the bankers have great confidence. I take great pleasure in introducing to you Governor Hamlin. (Applause.)

GOVERNOR HAMLIN: Mr. Chairman, ladies and gentlemen: It is a very great pleasure to me to be able to come here to-day in response to your kind invitation. I want first to express the deep regrets of the Secretary of the Treasury and the other members of the Reserve Board whom you kindly invited, that their duties prevented them from accepting your invitation to-day.

It is always a pleasure to me, not only to come before you and listen to the deliberations of this great Association, but it is a great pleasure to me personally to come to this beautiful city of Richmond again. I have been here only a few times, but some of the most pleasant associations of my life are connected with this city. It is a great pleasure for me to come and to have the honor of listening and being presented to your Mayor and to listen to the address of your chief executive, the Governor of this great commonwealth. It is also a great pleasure to come to the home of my dear friend, your fellow-townsmen, the Comptroller of the Currency, John Skelton Williams. But I must say I also come somewhat in a state of humiliation. The other day the delegates, the government directors of the Bank of Richmond were in Washington with the Board, and I told them that there was no point—that Mr. Williams and I disagreed vitally, that he was under the delusion that the Richmond Reserve Bank would be ready for business before the Boston Bank would be ready for business, but the Richmond delegates went back and the next morning they got me on the telephone and said that the Federal Reserve Bank of Richmond had made all its preparations and was ready to start as soon as they got word from the Federal Reserve Board. So I want to pay that appreciation to the bankers of this great district.

I really feel that an invitation from this great Association is equivalent to a command to anyone interested in financial questions in the United States.

Preparing the Federal Reserve Banks for Opening.

[The remainder of Gov. Hamlin's address will be found on page 87.]

THE CHAIRMAN: I am sure that every one present appreciates very much the talk that has been given by Governor Hamlin, which will undoubtedly clear up many ideas and be of great benefit to us all. We are all very glad, indeed, to have him with us; and I am pleased, in behalf of you, to express our appreciation for his very able talk.

I have at this time the very great honor of introducing a gentleman to whom the committees of the American Bankers Association are greatly indebted, and through the committees the Association itself. This gentleman has been uniform in his kindness and courtesy to all of the requests for hearings and conferences that have been extended to him. He is a gentleman in whom those of us who have come in contact have the very greatest confidence. We regard him as a great public citizen, who is attempting to do his full duty, and we feel that he has accomplished a very great deal; and, while the bill may not have been all that we expected, or that he desires, yet we feel that he has been a very great benefit in assisting the bankers and co-operating with them in bringing about the passage of the very best bill that was possible.

I have the very great pleasure of introducing to you the gentleman who has had so much to do with the formation of this bill, the Honorable Carter Glass of Lynchburg, Virginia. (Applause.)

The Genesis of the Federal Reserve Law, by Congressman Glass.

[We print Congressman Glass's address in full at page 81.]

THE PRESIDENT: I am sure that all of you gentlemen who have listened to the very interesting talk of Congressman Glass feel as I do, that he has expressed in a fearless way his honest opinion. It is expressions of that kind that we need to-day, and that do all of us good. It is only from this fearless method of interchange of thought on all these subjects that any real good can come; and I am sure that I voice the sentiment of every one here when I say that we doubly appreciate the honor of having Congressman Glass with us to-day in these closing hours of Congress when his duties in Washington are so many and so pressing. I am sure that I can express for you fully our great appreciation of his kindness in coming here and delivering his address.

MR. LILLARD of New York: May I ask Representative Glass one question? I think there are many here who feel that there is liable to be an expansion of the emergency currency. Has the Treasurer the right to withdraw that under the act?

MR. GLASS: My own opinion is that there has been already an expansion of the emergency currency. In my judgment the \$365,000,000 that have been issued to the banks have not been required and have not been used. But that is a matter solely in the discretion of the Secretary of the Treasury.

MR. LILLARD: There does not seem to be anything in the act that gives the Treasurer the right to withdraw the emergency currency if it is found that there is a very considerable over-expansion of the emergency currency.

MR. GLASS: I will call the attention of my friend to the provision of the law that imposes ultimately a tax of six per cent. on this currency, and unless most of the banks of the country are practising usury, contrary to their State laws, they are not very apt to pay six per cent. on emergency currency to be loaned out.

MR. LILLARD: But there is nothing in the act—

MR. GLASS: I do not recall. I am not as familiar with the Vreeland-Aldrich law as perhaps I should be. I was at the time it was passed, but I am not now. The tax is supposed to drive the currency back.

MR. LILLARD: May I say one thing more, gentlemen? The Interstate Commerce Act was passed in 1887. It has been in existence over 27 years. At the present time no minority stockholder of a railroad company has the right to appear before the Interstate Commerce Commission. There are numbers of minor roads that for years have been manipulated by the major roads. The major roads have controlled the rates of these minor roads, and have diverted those rates to the major roads, and the minority stockholders of those minor roads have never had any rights before the Interstate Commerce Commission and can obtain no rights in the courts of this country.

Any minority stockholder going before the courts of this country can claim some redress on the basis of fraud for the amount taken, but—

MR. GOEBEL: Mr. Chairman, I rise to a point of order. I would like to have the gentleman confine himself to the subject under discussion.

THE CHAIRMAN: The gentleman has suggested that you confine your discussion to the subject matter before us.

MR. LILLARD: It is just that work that the Interstate Commerce Act provides for, that the minority stockholder could have some rights before the Interstate Commerce Commission, because the Interstate Commerce Commission fixed the rates.

MR. GLASS: I do not expect to live very much longer, but while I do live I certainly shall decline to undertake the responsibility of amending the Interstate Commerce Act.

There was one other point that I overlooked, and I might mention to my friend with respect to the retirement of the emergency currency. The Secretary of the Treasury, under the amended Vreeland-Aldrich Act, is given express authority to increase to an unlimited extent the gold reserve behind the emergency notes, and that would be a very powerful factor in

withdrawing the emergency currency from circulation when it is no longer needed.

THE CHAIRMAN: Are there any other questions?

MR. FLEMING (of Oklahoma): I come from a State where I claim that our distinguished Senator had something to do with this revenue bill, and, notwithstanding the fact, it seems as though the Senator is almost eliminated from having any connection with this other bill. Notwithstanding that fact, I make a motion that the address of Mr. Glass be printed and sent in pamphlet form to all bankers and around this country.

MR. GLASS: May I interrupt the proceedings again to say I hope that if it is done it will be with this addenda, that the distinguished Senator from Oklahoma did his collaboration and work with me before the bill went to the Senate.

Which motion was duly seconded.

MR. GLASS: Would I be considered impertinent if I suggest that I hope that will not be done, because I came here without any sort of preparation, to have a sort of face to face and heart to heart talk with you gentlemen about the side lights on currency legislation. You have been so gracious, but I would be a little ashamed to have the address circulated.

THE CHAIRMAN: I want to state, for the information of the gentleman, that these addresses will all be printed in the proceedings and sent to every banker in the country practically.

The motion was withdrawn.

A VOTE OF THANKS TO CONGRESSMAN GLASS AND GOV. HAMLIN.

Upon motion, duly seconded and unanimously carried, a vote of thanks was tendered to Governor Hamlin and Mr. Glass for their addresses before the Convention.

Following announcement of meeting place of committees, railroad accommodations, etc., the meeting adjourned.

SECOND DAY'S SESSION.

Held at Richmond, Va., in the auditorium of the Jefferson Hotel, on Thursday, October 15, 1914, at 10 o'clock A. M.

PRESIDENT REYNOLDS: Gentlemen of the Association, please come to order.

I take great pleasure in introducing Rt. Rev. D. J. O'Connell, Bishop of the Diocese of Virginia, who will invoke the Divine blessing.

RT. REV. D. J. O'CONNELL: In the name of the Father and of the Son and of the Holy Ghost. Amen.

Look down, we beseech Thee, O Almighty God, on this body gathered together in Thy name, and bountifully grant to them all the graces of which they stand in need, to accomplish the noble purposes for which they are assembled. Thou hast made all things and placed Thy creatures under the dominion of Thy laws. Open then, we beseech Thee, the minds of this assembly to the knowledge of those laws Thou hast established for the well-being of society and of those conditions upon which Thou hast made prosperity depend. Fill their hearts with noble motives and direct their deliberations to wise conclusions. Make them all "good bankers." Save them, we beseech Thee, Almighty God, from all the annoyances coming from ungrounded suspicions and unfair imputations; make us appreciate their services and respect their honor, that out of their devotion to duty and our regard for their integrity may grow that bond of common confidence which is the condition of our prosperity and the protection of the comforts of our homes. And I also fondly pray Thee, Heavenly Father, to add to the glory of the regional city. Enshrine its name in the affection of these delegates and associate it with the success of one of their most successful conventions. Through Jesus Christ our Lord. Amen.

GREETINGS TO MYRON T. HERRICK.

J. ELWOOD COX: Mr. Chairman, do you not think it would be a great courtesy and remembrance if the A. B. A. Convention would by resolution send greetings and thanks to an ex-president, now in France, who is so ably caring for all interests during these trying times, and who, by his courtesy, untiring work and help, has endeared himself to thousands of refugees and stranded Americans.

I offer this resolution:

Resolved, That our Secretary be, and he is hereby, instructed to cable to the Honorable Myron T. Herrick, ex-President of our Association, and since, United States Ambassador to France, our greetings, as well as our admiration and congratulations on the able manner in which he has administered the affairs of his office.

MR. HYDE: I second the motion.

THE CHAIRMAN: Gentlemen, you have heard the resolution which has been offered. While it may, in a parliamentary sense, be a little out of order, I am sure it is of such a character that you gentlemen will probably desire to acquiesce in it, and, unless there is some objection, I am going to present it to you.

Which resolution was unanimously adopted.

THE CHAIRMAN: The Secretary has suggested that the out-of-orders may not be misunderstood unless I call your attention to the fact that we have already adopted here an order of business. I now take great pleasure in introducing Mr. B. F. Harris, of Champaign, Ill., chairman of the Agricultural Commission, who will give his report to this Convention.

Report of the Agricultural Commission, by B. F. Harris.

[The report of the Agricultural Commission may be found by the reader on page 124.]

THE CHAIRMAN: Gentlemen, I have the very great pleasure of introducing the Honorable Logan Waller Page, Director, Office of Public Roads, United States Department of Agriculture, Washington, D. C., whose subject will be "Fundamental Problems in Highway Improvement."

I take great pleasure in introducing the gentleman.

"Problems in Highway Improvement," by Logan Waller Page.

[This address appears on page 105 of this publication.]

THE CHAIRMAN: Gentlemen, I desire to call your attention to an order of business upon our programme which was inadvertently overlooked by the Chair, thinking that it might come up later in the day under another head, but I notice that I was mistaken. The report of Mr. Harris was not acted upon. It will be desirable and necessary for the Convention, I think, to take some action. It might at least be received and filed, or whatever you have in mind. I would be glad to receive a motion in respect to it.

MR. BRADFORD RHODES (of New York): I make such a motion, and that the thanks of the Convention be tendered to Mr. Harris and his associates for their effective work during the past year.

Which motion was duly seconded.

THE CHAIRMAN: It has been moved and seconded that the report of Mr. Harris be received and filed, and that the thanks of the Convention be tendered to Mr. Harris and his associates for their effective work during the past year.

The motion was unanimously carried.

THE CHAIRMAN: The next speaker on the programme, gentlemen, will be Edward K. Graham, President of the University of North Carolina, Chapel Hill, N. C., on the subject of "Banking and the Larger Citizenship."

I take great pleasure in introducing the gentleman.

PROFESSOR GRAHAM: Mr. Chairman, Gentlemen of the Convention, and Ladies and Gentlemen:

I shall confine what I have to say, gentlemen, rather rigidly to twenty minutes. Your chairman gave me unlimited time, generously, but my own experience conforms to that good old Yale story that you have probably heard of about the minister who came to speak at Yale University. He asked President Hadley how long he should speak. President Hadley told him, why, to continue just as long as he pleased, of course. Well, he said: "I should like to know how long I should speak." Well, said President Hadley: "There is no rule at Yale as to how long a man shall speak; but I will say that it has been my experience here that no souls are saved after the first twenty minutes."

Banking and the Larger Citizenship, by President Edward K. Graham.

[President Graham's address is printed on page 103 of this publication.]

MR. SANDS: Mr. President, I do not know a more fitting time than after the very splendid address of Dr. Graham to ask unanimous consent of the Convention to consider a resolution which I have prepared on the matter of interstate commerce and rate cases that come before the Interstate Commerce Commission; and I would like very much to have the consent of the Convention to present this resolution at this morning's session.

PRESIDENT REYNOLDS: What is the pleasure of the Convention? Is it your pleasure to permit the gentleman to present this resolution at this time? I shall be very glad to entertain a motion to that effect. I would suggest, however, if it shall please the gentleman that instead of presenting this resolution just at this moment, we continue the remainder of the addresses and then present the resolution.

MR. SANDS: There are special reasons why I would like to get it in early in this session.

(A motion to consider the resolution was adopted.)

INTERSTATE COMMERCE COMMISSION ASKED TO ACT PROMPTLY AND FAVORABLY ON APPLICATION FOR INCREASE IN RAILROAD RATES.

MR. SANDS: The resolutions are as follows:

"The shock to the financial and business interests of this country, the stringency in money and the derangement of foreign exchanges resulting from the war in Europe are being overcome and the most serious condition now confronting the financial, business and investment interests of the country arises from the fact that there is no market for securities, and until this is remedied the financial exchanges cannot be opened and business restored to normal conditions.

"The railroad and transportation interests of the country lie at the basis of the entire industrial and financial fabric and unless these interests can be made prosperous, their financial necessities relieved and the confidence in the stability of their securities restored and

maintained, no permanent relief from existing conditions can be expected.

"The rates charged for service rendered by the railroad companies have been constantly decreasing for years past, while the cost of operation, maintenance and improvement of such properties to provide the improved service required has constantly increased, with the result that the net earnings of these companies in proportion to capital invested and required for their development, have declined until many railroad properties are facing bankruptcy or are in the hands of receivers, and the obligations of railroad companies now in default have reached a sum more than equal to one-half of the National debt of the United States; while the confidence of the investing public, both in this country and abroad, in the value and stability of railroad securities has been seriously impaired. Unless these conditions are promptly remedied the effect must be disastrous to all interests.

"The Government of the United States, through the Interstate Commerce Commission, has taken control and regulation of railroads with the power to fix their rates, and this power carries with it the responsibility upon the commission to permit and require the railroads of the country to charge rates adequate to meet their operating expenses, take care of maintenance and improvements necessary to the constantly improving service and provide a reasonable return upon the invested capital and to establish their securities upon such a firm basis of credit as to justify the confidence of the investing public.

"To this end, a prompt and liberal increase in railroad rates is essential and it is a matter of serious import to every business interest in the United States, and especially to the banking interest charged with the responsibility of financing the large maturing obligations of the railroads of this country that the applications now pending before the Interstate Commerce Commission for increase in rates and any other reasonable applications which may be made to that end should receive prompt and favorable action of the Commission.

"Now therefore be it

"Resolved, That the American Bankers Association in convention assembled at Richmond, Va., on October 15, 1914, do hereby declare that in their opinion a prompt and liberal increase in railroad rates throughout the United States is essential in order to enable the railroads to finance their maturing obligations and to provide the money with which to operate, maintain and improve their properties, and that such increase in rates must be made before we can hope to secure the confidence of the investing public both at home and abroad in railroad securities or make an adequate market for said securities so that the financial exchanges of this country may be opened and normal financial conditions restored.

"Resolved further, That in the opinion of the American Bankers Association the interests of the whole country so affected are of more importance than the individual interests of a few shippers who might deem their interests prejudiced by such increase in rates.

"Resolved further, That the crisis now confronting the railroads in this country and directly affecting our entire credit system and the restoration of normal conditions in business and foreign exchange is urged upon the serious attention of the Interstate Commerce Commission and the Commission is respectfully but earnestly requested to act promptly and favorably upon pending applications for increase of railroad rates, and, in the exercise of its broad powers and in the discharge of its obligations to protect the interests of the railroads under its control to take such action as may produce a general and adequate increase in railroad revenues of this country to the end that the financial credit of the railroad companies may be re-established and that these companies may be thus placed in a position to finance their maturing obligations.

"Resolved further, That the Secretary of this Association is directed to forward a certified copy of these resolutions to the Interstate Commerce Commission."

THE CHAIRMAN: Gentlemen of the Convention, under the rules of the Constitution, all such resolutions would be compelled to be presented fifteen days prior to the Convention, unless with your consent here. Now, the question before you is, Shall this resolution, which has been presented, be considered? Do you desire to consider the resolution at this time?

MR. M. ALEXANDER (of the Lancaster Trust Company, Lancaster, Pa.): I move the adoption of this resolution at the present time, without reference to any other committee.

THE CHAIRMAN: The resolution could not be adopted in that way. The first order would be a motion to suspend the rules.

MR. ALEXANDER: I move you then, Mr. President, that we dispense with the regular order of business, suspend the rules and adopt this resolution as presented.

THE CHAIRMAN: That could be done upon a majority vote. Do I hear a second to that motion?

The motion was duly seconded.

THE CHAIRMAN: It has been moved and seconded that the rules be suspended, and that the resolution be adopted. Are you ready for the question?

The question was called, and the motion carried.

THE CHAIRMAN: It is carried, and the resolution is adopted.

We will now, gentlemen, continue with the programme. I have the pleasure of introducing Dr. C. G. Hopkins, Department of Soil, University of Illinois, Champaign, Ill., Director of Agriculture, Southern Settlement and Development Organization, who will speak on "Soil Fertility: Greatest Necessity and the Best Investment."

In this connection, I beg to say that, as I understand it, the Settlement is a voluntary organization, particularly for the benefit of the Southern farmer. I take great pleasure in introducing Dr. Hopkins. (Applause.)

Soil Fertility, by Dr. C. G. Hopkins.

[The address of Dr. Hopkins may be found on page 107.]

THE CHAIRMAN: Gentlemen, I take great pleasure at this

time in introducing Mr. J. D. Eggleston, President of the Virginia Polytechnic Institute, Blacksburg, Va., who will talk to us "On Educating the Producer."

Educating the Producer, by President J. D. Eggleston.

[President Eggleston's address appears on page 111.]

MR. HYDE: Mr. President, I believe that that is one of the best papers that this Association, in all its history, has ever listened to. I think I voice the opinion of every man who has listened to it, that we ought without being invidious, to give Mr. Eggleston a vote of thanks and appreciation.

A MEMBER: I would like to amend that by adding that the paper be printed and distributed.

MR. HYDE: I accept the amendment.

THE CHAIRMAN: Gentlemen, you have heard the motion and the amendment.

The motion, as amended, was unanimously carried.

THE CHAIRMAN: I think it is unnecessary to put the original motion.

I am sure we have all been entertained and instructed by all of the splendid addresses we have had this morning, which have undoubtedly been prepared by these well-known educators at considerable loss of time and trouble to themselves, and I am sure that I can express your gratitude and appreciation for their efforts here to-day; and I assure them that we thank them very much for their kindness in coming to us.

We have five or ten minutes left before adjournment, I want at this time to call the attention of the members to the fact that the Executive Council considered the advisability and desirability to have a report of the Insurance Committee presented to this body, and if Mr. Sands is in the audience, I would be very glad to have him report that at this time. No response.

I hope you will remain for a few minutes, gentlemen.

MR. LIVINGSTONE: I know there are many pressing things that come up, but I ask a special privilege of five or six minutes.

THE CHAIRMAN: If you will indicate the purpose.

MR. LIVINGSTONE: I want to present just a few facts. It so happens that I live in a home where the automobile industry is very large, and I simply ask the privilege of presenting a few facts.

THE CHAIRMAN: What is your pleasure, gentlemen?

MR. E. E. EMERICK: I move the rules be suspended and that Mr. Livingstone be given the time he desires.

Which motion was duly seconded and unanimously carried.

MR. LIVINGSTONE: There are no resolutions attached or anything of that kind; it is just a plain condensed and simple statement of the automobile industry of itself and by itself, and the great benefits which the whole people of the United States receive from it. It is simply to correct some misapprehensions that have appeared in the daily press from time to time.

"The True Status of the Automobile Industry," by William Livingstone, President, Dime Savings Bank, Detroit.

Prompted by the thought that bankers generally may not be fully informed on the automobile industry, which has had such rapid growth during the past ten years, I have had prepared some facts and figures for the benefit of the present gathering that I believe will show the automobile industry in its true light and indicate the marvelous development there has been in the making and marketing of the automobile, which has grown from a comparative toy to a business of tremendous volume in the short period of twelve years. At first a machine for pleasure use only, it is rapidly taking its place among the necessities of our fast-moving civilization.

Probably 75 per cent of all automobiles made in this country are produced in Detroit and Michigan, and my location in that city, coupled with my acquaintance with officials of the leading automobile factories, enables me to know conditions to an exceptional degree.

Although looked upon as a rather hazardous business in the early days, automobile manufacture has assumed gigantic proportions, with apparently little decrease in the demand, although with prices getting lower each year and the margin of profit smaller. It is worthy of note that at no time in those twelve years has the industry, as a whole, taken a backward step, the records showing that each year an increasing number of cars has been made and sold; from less than a thousand cars in 1902, when the business may really be said to have begun, to 435,000 cars during the fiscal year of June 30, 1914, the latter having a total valuation of about \$425,000,000. Coupled with these figures are the products of the parts and accessory makers, with sales during the past twelve months running into big figures. Attention at this point is called to the fact that 47 per cent of the cost of an automobile is in the labor.

While in the early days the automobile was a luxury, it is now a necessity for a large proportion of owners, and has taken its place among other utilities like the telephone and telegraph, with a broadening field because of the increasing demand for commercial or freight-carrying power-driven vehicles. This accounts largely for the continued buying of cars even in times of depression, as in 1907 and 1908—a period that showed substantial increases in car sales. However, it must be appreciated that to the farmers, doctors and business men generally, the automobile is now a dependent part of their equipment for doing business.

As the greatest number of cars are sold during seven months of the year, makers and dealers have been borrowers; and it is a matter of record and congratulation that, in fostering this growing industry,

bankers of this country have played a most important part with practically no loss. Discerning bankers, in the past few years especially, have appreciated the stability of the industry and the standing of the men in charge, and have co-operated to a marked degree in establishing the business on its present high plane.

There have been few wild-cat schemes, and those few have died a-borning. The makers, as a class, are energetic and enterprising, taking pride in their product and in their ability to give employment at substantial wages to the best men of many trades, including engineering skill of the highest quality. That the automobile manufacturer is broad in his views and co-operative in his work is evidenced by the excellent support they have all given the "Buy-a-Bale-of-Cotton" movement in the South. Practically all of them have bought cotton on their own account, and have instructed their branches and dealers to do likewise. One company, with many thousands of dealers, bought a bale of cotton for each dealer in the Southern territory, and also agrees to buy an additional bale for each car sold there, which should mean probably four or five thousand bales. Another company bought, outright, 500 bales of cotton at ten cents per pound.

The perfection of the motor car in twelve years has amazed even the most optimistic, and accounts largely for the increasing sales. The simple present-day car can be operated by man, woman or child; and even those of very moderate prices do not entail the high maintenance cost that was ever present in the earlier models. All this helps to account for the tremendous purchases by people of all stations that have been so astounding to those unfamiliar with automobile conditions.

While depressed to some degree at present, the figures I have in hand show that the automobile business has suffered less since July than almost any other line of trade—one company alone selling more than 20,000 cars during August.

Being a season business to some degree, it has been the custom among manufacturers to borrow during the fall and winter months for materials and labor, discharging their obligations in the spring and summer.

The manufacturer ships to the dealer, of whom there are more than 15,000 in the country, sight-draft against bill-of-lading. The dealer, whose capital is too limited to carry a large stock of cars, has been accustomed to borrow from his banker, thus permitting him to handle a larger stock and do a bigger volume of business, with the banker having always ample security for his loans.

The dealer's business with the final buyer has invariably been on a cash basis, it being a noteworthy fact that comparatively few automobiles have been sold on deferred payments of any kind. The fact that the automobile can be so readily depreciated with a few weeks' use, has eliminated the possibility of makers consigning cars to dealers, and has materially aided in keeping the business one for cash only and consequently in a healthy state.

The disposition in early years to look askance at the automobile manufacturer and dealer has passed, and with further knowledge of the business, credits commensurate with sound banking methods have been extended to the mutual benefit of all. No longer do we hear talk that the automobile business will go the same way as the bicycle business, it being generally agreed that the making and marketing of motor cars is among our greatest industries—a situation to be credited to a large degree to the care and conservatism of bankers who have been active in caring for the automobile dealer among his patrons.

Before giving some figures in connection with the industry, let us look a bit into the future.

How many cars will be sold next year?

What about profits from the sale, storage and repairs by dealers?

Will more dealers come into the field?

Where are future markets for the maker?

What about commercial vehicles?

While the business depression may interfere and bring about a reduction during the next twelve months, it is not unlikely that 450,000 cars can be sold. Thousands of people living in the suburbs, including farmers, doctors and salesmen, actually need cars in their general every-day life. Big cities continue to show the registration of new automobiles, particularly of the moderate-priced cars, with the market almost normal for the higher-priced models.

With 15,000 dealers in the country, and 1,400,000 cars to be cared for, the profits from the sale, storage and repairs runs into substantial figures. There will be no great increase in the number of dealers, because those in the field now seem well able to care for the annual production.

The future market for automobiles rests not alone in this country, but throughout the world, especially as European makers are not likely to produce very much for some time. Last year American automobile manufacturers exported cars to the value of \$26,574,000, with parts amounting to \$8,000,000, or a total of \$34,500,000. When it is taken into consideration that France alone exported motor cars to the value of \$44,000,000 last year, with Germany and Italy totaling almost the same, it can be seen what a world-wide trade is awaiting the automobile maker of this country.

Commercial vehicles are fast coming into the field, and, with the destruction of horses and trucks in the war on the other side, this end of the business must have a healthy growth during the next few years. There are now about 100,000 freight-carrying motor vehicles in use, the production during the past twelve months being about 30,000, with the ratio of increase greater than was ever known in the passenger-car field.

It is doubtful whether there will be any great increase in the number of automobile manufacturers. It is not unlikely that some of the smaller makers will fail, with the others growing bigger. There has been little over-capitalization; and, in fact, a very large number of the concerns could profitably use more capital in their business.

Because of my residence in Detroit, which is practically the home of the automobile industry, and my acquaintance with officials of the National Automobile Chamber of Commerce, I am able to give to the members here some facts that must be of interest to students of trade.

There are more than 450 listed manufacturers of motor vehicles, some making both pleasure and commercial cars.

Of these, 170 make gasoline passenger cars,

245 gasoline commercial cars,

77 cycle cars,

27 motor fire apparatus,

18 electric pleasure cars,

24 electric commercial vehicles.

There is an increase in the number of manufacturers over the last two years, but a decrease as compared with the number at the end of 1911, except as regards cycle cars, which are a new development.

The total production for the year ending June 30, 1914, was, approximately, 435,000 cars and trucks, valued at \$425,000,000. The average valuation of cars has consistently decreased until it is now about \$980, more than half the cars selling at less than \$600.

Of dealers and garages, we find listed 15,500 automobile dealers, 13,630 garages, 1,280 repair shops and 680 supply houses.

In exports, we find an increase from \$5,502,000, in 1907, to \$34,500,000 in the twelve months ending June 30th; while the imports during that period have decreased from \$4,842,000 to \$1,432,000.

Figures as to the number of employees in the automobile industry are not available because of the various allied trades involved; but in my State of Michigan, the Department of Labor reported that for 1912 the various establishments making automobiles and parts employed 89,413 men, and this number has increased.

It will be seen, therefore, that the automobile is now an established article of commerce, with an excellent future. Our American cars are splendidly built; they have a wide market here and throughout the world, and have a real place in civilization for the movement of individuals and produce.

PRESIDENT REYNOLDS: The Secretary has an announcement to make.

SECRETARY FARNSWORTH: In the annual report of the Secretary submitted at this meeting occurs the following statement with reference to Richmond:

"The Convention of our Association now being held in Richmond is the fortieth in the history of our organization and the second Convention to be held in the city of Richmond—our twenty-sixth Convention having met here in 1900. The Convention of 1900 was a pronounced success, with Southern hospitality unbounded. The annals of the social features of the convention called to mind the entertainment given by Mr. John P. Branch, who to-day is still active despite his advanced years and now the dean of the profession in Richmond, if not in the State of Virginia, and who will with all bankers of Richmond extend the warm hand of welcome."

PRESIDENT REYNOLDS: I have noticed in the audience this morning Mr. Branch, and I thought it would be entirely fitting to at least call him to his feet so you might know who he is; and if he cares to have anything to say we will be delighted to listen to him. Gentlemen, Colonel Branch.

COLONEL BRANCH: Gentlemen and fellow-bankers, of course this is a very unexpected call on me. A man of my years that has anything to say can say it in much less than twenty minutes, and, old as I am, I shall not attempt to make any speech. But I want to say one thing, that I am most happy to meet you gentlemen here to-day. I doubt if you can imagine the pleasure that is given me to meet you and to shake many of you by the hand. I have been at work for nearly sixty years, and I am still at work, believing it is better to wear out than to rust out. You cannot imagine the pleasure you have afforded every man in Richmond by your coming here on this occasion, and I shall hope and pray that you will come again. Do you know, gentlemen, that a banker is about the most honored thing upon this earth except a pretty woman!

I thank you, gentlemen, and pray for you, and hope I shall have the pleasure of meeting you again.

On motion of Mr. Livingstone of Detroit, at 1.15 p.m. a recess was taken until 2.30 p.m.

AFTERNOON SESSION, 2 P.M.

THE SECRETARY: I will ask Mr. Freeman of New York, Mr. Smith of Indiana, and Mr. Lawson of Michigan to adjourn and get Mr. Beck and escort him to the platform, the principal speaker.

THE CHAIRMAN: Gentleman, we are considerably past the time set for holding the afternoon session, and I think we had better come to order, with a view of disposing of a few small items of business here.

The first order of business is the report of the Currency Commission, by Mr. Hepburn.

THE SECRETARY: There is no report, Mr. Chairman.

THE CHAIRMAN: The next is the report of the Committee on Law.

MR. PATON: The Law Committee I represent. The chairman was not able to be present. We will not read the report, but just hand it in. It embodies a suggestion for an act to limit the liability of a bank to its depositor for non-payment of a check through error.

LIMITING LIABILITY ON CHECKS.

No bank shall be liable to a depositor because of the non-payment, through mistake or error and without malice, of a check which should have been paid unless the depositor shall allege and prove actual damage by reason of such non-payment, and in such event the liability shall not exceed the amount of damage so proved.

MR. GELMORE: I move it be approved.

MR. ALEXANDER: I second the motion.

The motion was unanimously carried.

MR. PATON: Also another resolution which has been drafted:

PAYMENTS TO MINORS.

"Whenever any minor or other person under disability shall make or have credit for a deposit in any bank in his or her name, such bank may pay such money on check or order of such depositor the same as in cases of depositors not under disability, and such payment shall be in all respects valid in law."

MR. HEBRON: I move it be adopted.

Which motion was duly seconded and unanimously carried.

Report of the Committee on Law.

[The report of this Committee appears on page 126.]

MR. PATON: I have the report of this Committee covering all matters of Federal legislation which have been pending in Congress during this year. It is a very long report and unless you care to hear it I will simply ask that it be filed and printed.

MR. SMITH: I move that the report be filed and printed in the regular way.

Which motion was duly seconded and carried.

Report of Committee on Federal Legislation.

[This report will be found on page 125 of this issue.]

Committees and Committee Membership.

SECRETARY FARNSWORTH: Under the new constitution, the reports of the various convention committees are made to the convention and can be accepted and filed, but all action relating to the appointment of committees and committee membership comes under a special order of business, which is set for this afternoon. Under this order we have the Currency Commission, which will be continued as it stands at the present time unless action is taken in regard thereto, and the Agricultural Commission, which was appointed at the convention in Boston as a special committee to serve one year.

MR. SIMPSON, of South Carolina: Mr. President, it seems to me the work the Agricultural Commission has been doing has been of a highly constructive character and of great benefit to our country, and I therefore move that the Agricultural Commission be continued through the ensuing year.

PRESIDENT REYNOLDS: What is your pleasure in regard to the Currency Commission? If there is no special action, the Commission will be continued as heretofore. It is so ordered.

THE CHAIRMAN: Gentlemen, you have heard the reading of this report, which is, in fact, a report of the Committee of the Executive Council. Is there any action that you desire to take upon the matter at this time?

MR. EMERICK: I move you that the report be received and filed, and that the recommendations therein contained be approved by this Convention.

THE CHAIRMAN: If I understand the report, some of those recommendations could not be approved, because there could not be a permanent committee of the American Bankers' Association appointed without a change in the Constitution. It could be referred back to the Executive Council with the recommendation that the Committee be continued during the ensuing year.

MR. HENSCHEN: I move that this report of the Committee be referred back to the Executive Council.

THE CHAIRMAN: Do you offer that as an amendment?

MR. HENSCHEN: Yes.

MR. EMERICK: I accept the amendment.

THE CHAIRMAN: It has been moved and seconded that this be referred back to the Executive Council, with the recommendation that the committee be appointed.

COMMITTEE ON FIDELITY INSURANCE CONTINUED.

MR. HAMILTON: I move, as a substitute motion for that, that this report be referred back to the Executive Council, with instructions that the Council continue the Committee.

THE SECRETARY: The present Committee cannot be continued in the Council, because the Constitution governing the Council provides that all of the committees shall serve for one, two and three years. The gentlemen who are on the one-year class and who go off the Council, of course, are not members of the Council, and a new Committee will have to be organized by the Council.

I did not follow the latter end of that report very closely, but, as I understand it, the report provides for the appointment of a permanent Association Committee. There cannot be a permanent Association Committee provided for at this time without an amendment to the Constitution. This Insurance Committee can be appointed by this Convention to-day in accordance with that suggestion, and it will be an Insurance Committee for one year. In the meantime, if they want to make a permanent Committee of the Association, that can be done by an amendment, and can only be done in that way.

MR. SANDS: That is all the Insurance Committee recommends, that there be a Committee appointed for one year from the Association, and it is entirely eligible, I think, under Section 3.

THE CHAIRMAN: It has been moved and seconded that this Committee be continued as a Convention Committee for one year.

Which motion was unanimously carried.

MR. SIMPSON: Mr. President, this morning in my motion in reference to the Agricultural Commission, I fear I did not make myself clearly understood. I wish now to make another motion to make clear my purpose. I move that the members of the Agricultural Commission be appointed by the administrative committee. This morning I merely moved that the commission be continued, but it was not my purpose to continue the present membership of the commission. I offer that as a motion at this time.

PRESIDENT REYNOLDS: Gentlemen, we are very fortunate to-day to have with us a gentleman whom I am sure you will be glad to hear. I take very great pleasure in introducing the Hon. James M. Beck, formerly Assistant Attorney-General of the United States, who will now address you upon the subject of "The Case of the Lost Million."

The Case of the Lost Million, by James M. Beck.

[Mr. Beck's address in full will be found on pages 95 to 102.]

THE CHAIRMAN: I do not wish to cut off the applause for that splendid address you have heard, which has been most interesting and entertaining; but I wish to announce particularly that the program we now have will not occupy probably more than fifteen or twenty minutes, and we sincerely hope you gentlemen will remain with us. I take great pleasure at this time in expressing our approval and thanks to Mr. Beck for the splendid address he has delivered, and I am sure that all of you have listened to it with a great deal of interest.

Gentlemen, the next order of business as set down in the program is that of invitations for the next Convention.

SECRETARY FARNSWORTH: By amendment to the Constitution, that matter is referred to the Executive Council.

THE CHAIRMAN: The next order of business is that of unfinished business.

SECRETARY FARNSWORTH: No unfinished business.

THE CHAIRMAN: Communications from the Executive Council.

SECRETARY FARNSWORTH: No further communications from the Executive Council.

THE CHAIRMAN: Resolutions?

SECRETARY FARNSWORTH: I have one resolution, the resolution adopted by the Trust Company and Savings Bank Sections for submission to the American Bankers Association.

COMMITTEE TO BE APPOINTED TO SECURE MODIFICATION OF FEDERAL RESERVE LAW SO AS TO ATTRACT STATE INSTITUTIONS.

Resolution adopted by Trust Company and Savings Bank Sections for Submission to the American Bankers Association.

At a Joint Meeting of the Trust Company and Savings Bank Sections, held on Tuesday, October 13, 1914, at the Jefferson Hotel, Richmond, Va., the following resolution was unanimously adopted:

Whereas, We all appreciate the desirability of having the State financial institutions join the Federal Reserve system, but recognizing before doing so, amendments to the Federal Reserve Act will be necessary, now, therefore, be it

Resolved, That we recommend to the General Association that a committee of twelve be appointed by the President of the American Bankers Association; three thereof, by the Savings Bank Section; three thereof, representing the Commercial State banks, and three thereof, representing the National Banks, whose duties shall be to confer with the authorities at Washington, in order to secure the adoption of such amendments to the Federal Reserve Act as shall make it more desirable for State Banking Institutions to join the Federal Reserve system.

It was duly moved and seconded that the foregoing resolution be adopted as read by the Secretary.

Which motion was unanimously carried.

THE SECRETARY: There are two telegrams here which I will read to the Convention, and on which the Convention may desire to take some action. If they do, it will be under the head of resolutions. (Reading.):

MONTGOMERY, ALA., October 14, 1914.

Chairman, American Bankers Association, Richmond, Va.:

Clearing House Banks of this city urge action to obtain circulation for State banks members reserve system or becoming members as originally proposed by department. Copy of this wired Sol. Wexler.

JOHN P. KOHN.

MR. WEXLER: I received a copy of that message, but I did not take any action on it, because I don't see at this time that the Department could be influenced to take any such action. I doubt the wisdom of it under the present circumstances. It is for the Convention to take such action as they see fit.

THE CHAIRMAN: Unless there is some further action on it, we will pass it.

THE SECRETARY (reading):

RESOLUTION IN FAVOR AMERICAN MERCHANT MARINE.

BOSTON, MASS., October 13, 1914.

Col. Fred E. Farnsworth, the American Bankers Association, Richmond, Va.:

National Foreign Trade Convention, National Association Cotton Manufacturers, Boston Chamber of Commerce, New York State Waterways Association and numerous important bodies throughout country have passed resolutions emphasizing imperative necessity of national legislation permitting existence of American merchant marine.

American bankers have already conferred inestimable benefit upon country's manufacture and commerce by causing passage of Act enabling financing of foreign commerce by American banks in foreign countries. Now we ask your help in transporting country's commerce in American ships. We beg you to pass resolution similar to that introduced last convention, now in hands of your Federal Legislation Committee.

THE NATIONAL MARINE LEAGUE,
By P. H. W. ROSS, President.

THE CHAIRMAN: Gentlemen, do you desire to take any action upon the telegram?

MR. HALVER: I move that this Convention adopt the resolution as it was read as the resolution of this Convention.

THE CHAIRMAN: Similar to that of a year ago?

MR. HALVER: Yes.

Which motion was duly seconded.

THE CHAIRMAN: It has been moved and seconded that this Convention adopt a resolution similar to that of a year ago, lending its support to that suggestion.

Which motion was unanimously carried.

THANKS TO RICHMOND, ETC.

MR. LYNCH: Mr. Chairman, I move that a vote of thanks be given by this Association to the bankers of Richmond, the people of the city of Richmond, the press of Richmond, and the press of the United States, to the various speakers who have favored us with such eloquent addresses, to the business organizations and trade organizations of Richmond, the clubs and all others who have contributed to the warm welcome we have received. And I also move that in the resolution be included a vote of thanks to the Jefferson Hotel, to the generous and free use of meeting and registration rooms.

Which motion was duly seconded and unanimously carried.

THE CHAIRMAN: The Secretary desires to read one or two items of his report.

Whereupon the Secretary read the portion of his report headed In Memoriam.

NOMINATIONS AND ELECTIONS.

THE CHAIRMAN: Gentlemen, I have the pleasure at this time of introducing Mr. George W. Rogers, of Little Rock, Chairman of the Committee on Nominations for officers, who will now make his report.

MR. ROGERS (reading):

To the Delegates of the American Bankers Association, Richmond, Va.:

At a meeting of your Nominating Committee, held to-day in the salon of the Jefferson Hotel, at five o'clock P.M., at which thirty-six members of the committee were present, the following persons were unanimously nominated for the positions named in your Association for the ensuing year: William A. Law for President, now Vice-President of the First National Bank of Philadelphia.

For Vice-President, James K. Lynch, Vice-President of the First National Bank of San Francisco.

I move you, Mr. President, that the gentlemen named by the Nominating Committee be elected for the offices named, Mr. Law for President and Mr. Lynch for Vice-President.

MR. COX: I second the nominations.

The nomination of President Law was also seconded by a member from South Carolina and many others.

THE CHAIRMAN: Gentlemen, you have heard the motion made by Mr. Rogers, and duly seconded, on the report of the Nominating Committee. Are you ready for the question?

The motion was unanimously carried, amid applause.

THE CHAIRMAN: Gentlemen, you have been unanimously elected.

Mr. Law, I take very great pleasure in pinning this badge, insignia of the office which you will hold, upon your coat, and I am sure that it is not necessary for me at this time to add any words to the fact that you have been selected by this great body as its Chairman. I congratulate you upon your election, as well as the members of this Association. I take very great pleasure in introducing to you President Law.

PRESIDENT LAW: Gentlemen of the American Bankers' Association: I remember several years ago hearing Governor Herrick, now Ambassador Herrick, make this comment upon his election to the Vice-Presidency of the American Bankers' Association: Gentlemen, he said, the principal duties of the Vice-President are to so conduct himself, and so lay his lines, as to be elected President at the end of his term of office.

I have endeavored during the past year so to conduct myself as to meet with your approval, and I feel to-day that this election, this promotion on your part, is in a certain sense a certificate of good conduct.

This is an important position. For a year there is abundant work for a man of energy and initiative and versatility far beyond my powers, but I hope to justify the confidence that you have shown if I have the general co-operation of my friends among your members and of the Association, which is most effective in the accomplishment of our various purposes.

There is one matter I wish to mention in bringing my remarks to a close. Most of the speakers here to-day have referred to the historic city of Richmond, in introducing their remarks, and I wish to say to you that it gives me special pleasure to have this great honor conferred upon me largely through the efforts of my Southern friends in this great, old city of Richmond, one of the leading cities in the South, and at

one time for four years, or a part of four years, the Capital. I don't know that to all of you gentlemen there has ever come an understanding of the sentiment that Southern people for the last thirty or forty years have felt toward Richmond. Aside from its Revolutionary and Colonial importance, they have felt toward it that it was a shrine around which clustered many sacred and hallowed memories, but those days have passed and, without any apology for what happened or any change of sentiment, we are all glad to-day to see this city become a great industrial and financial center, and to see it take on a new life and increase its wealth and influence. It can never enlarge the charm that it has always had. The Richmond people understand hospitality, and their hospitality and courtesy has a flavor that is distinctive and different from anything else any of us have ever experienced.

And if I may be permitted to do so, I wish to add one item to the resolution of thanks which your Vice-President offered.

On behalf of the ladies who visited Richmond on this occasion, I want to thank the ladies of Richmond for their exceedingly generous and beautiful hospitality.

Gentlemen, it becomes my very pleasing duty to put the badge of Vice-President upon the manly form of a gentleman whom you all know, and those who know him most love him best, Mr. Lynch, of California. I am glad to say that I have heard that your father was a Virginian, and I shake your hand again. Mr. Lynch's father was a soldier in the Mexican War and one of the pioneers of California, and if you have ever been to San Francisco you know that is a title of nobility.

Mr. Lynch, I take great pleasure in pinning the badge of Vice-President upon you.

MR. LYNCH: Gentlemen of the Convention, I believe in the American Bankers' Association, I believe in its achievements, I believe it has been a great power to improve banking conditions in this country; I believe that no matter how much it has done, it still has more to do; and I believe that in the year to come, under the leadership of your President, it will accomplish much for the good of bankers, and it will be my duty and my pleasure to second his efforts to the very best of my ability.

And for the privilege which you have conferred upon me, this privilege of service, I thank you from the bottom of my heart. And I thank you also on behalf of the distant portion of this country, the part of it west of the Rocky Mountains, which, up to this time, has never had such an honor conferred upon one of its citizens; and I assure you that the citizens of that country and the bankers are in all respects with you in every effort to sustain the credit of the United States. I thank you.

THE CHAIRMAN: Gentleman, Mr. William Livingstone, who was a former beloved President of this Association, wishes to make a few remarks, and I will ask him to take the floor.

SILVER SERVICE FOR ARTHUR REYNOLDS.

MR. LIVINGSTONE: Mr. President and Gentlemen of the Association, it has been allotted to me, as a very pleasant privilege, to say a word or two to the retiring president.

It so happens that, for the first time in forty years of our Association, we have lost a president by death.

I record the lamented, the lovable Charles Huttig of St. Louis. Mr. Reynolds, then vice-president, assumed his place and took up the duties which devolved upon him by the death of Mr. Huttig, and has therefore served a longer time as president of this great American Bankers Association, with all its responsibilities and duties, than any other president who has held that title since the formation of this Association. During all that time he has gone in and out among us, day by day, week by week, month by month, growing in the esteem and respect of the members of this Association. Consistent, fearless, having the courage of his convictions at all times, he has never hesitated to express, regardless of what the comment might be, what he believed to be the best thing, the true thing, and what would best further the interests of our Association. I may add, in connection with this, that there is a well-defined rumor that Mr. Reynolds is now being considered as the Governor of the new Regional Bank at Chicago.

My information comes from Mr. Henry B. Joy, a member of the Regional Board, a fellow townsman of my own, and with it, I say to you most emphatically, goes the endorsement of every bank in the city of Detroit, as well, so far as my knowledge goes, as with almost the entire—I think I can say almost every bank in the State of Michigan that belongs in that regional district.

Now, it becomes my pleasant privilege, on behalf of the members of this Association, to present to Mr. Reynolds this beautiful silver service.

Amid the cares and anxieties of life which come to each and all of us, it is the bright spots in life that make life endurable. Some poet has said somewhere, I have forgotten the author, that there are moments in life that we never forget, that brighten and brighten as time steals away, that add to the charms of the happiest lot and lighten the gloom of the loneliest day; and I say to you, Mr. Retiring President, let me hope that this will be one of the milestones in your life that you will always look back to, and in pleasure that it will be a

green garland to hang on memory's walls that will grow brighter and brighter as time steals away.

With the greatest possible pleasure, and on behalf of the members of the Association that presents you with this silver service plate, and with it goes the hope and the wish for you and your good wife, Mrs. Reynolds, who is absent, that you may live to see the century mark, and that the balance of your life may have just clouds enough to have a glorious sunset.

MR. REYNOLDS: Mr. President, Mr. Livingstone and Gentlemen of the Convention.

In regard to the reference which ex-President Livingstone has so kindly made regarding future possibilities of my career, I can only say that I have no knowledge of any action that may have been taken, either in Chicago or elsewhere, although I have noticed the statements that have been made in the papers.

I am deeply touched by this expression of your good will. I feel that in the past I have been greatly honored by the American Bankers' Association. And in accepting this token from your hands, I must express not only my gratitude for this additional mark of your esteem, but as well to all of you for the sturdy, unfaltering co-operation you have in the past years extended not only to my efforts in behalf of this Association, but to those of all of the administrative officers. Your assistance has indeed been a great aid in the work.

I shall regard this testimonial not only as an honor from this Association, but as representing the personal friendship of its members, and I will treasure it as a constant reminder of this occasion and the experiences that have resulted from my connection with all of you.

In laying down the gavel as President of the American Bankers' Association, an honor which I have prized very highly, I shall surrender not one particle of my interest in its future upbuilding and success.

We are proud of the progress our Association has made. Its sphere of influence has been broadened year by year, until to-day it is a vital force in the economic affairs of the nation. The work must continue. You have to-day chosen those who shall carry it forward, and I bespeak for them that same cordial support and unwavering loyalty that you have extended to me in the past.

I sincerely regret that my family cannot be here to-day and join in the pleasure of this occasion, but on account of the illness of a son—one of the brightest rays of happiness that has ever entered my life—it has been impossible.

Gentlemen, on behalf of myself and my family, I accept this gift as a memento of your friendship, which I trust I will always deserve. I fully appreciate your many kindnesses and the honors you have conferred upon me. Words are but empty expressions of the promptings of my heart at this time, and I can only say that I thank you.

THE CHAIRMAN: Gentlemen, during the year just ahead of

us it is very probable that all the Federal Reserve Banks will be organized and this new system put into operation. The success of this system will depend upon the men who are to administer it; and if we have such men as our retiring President, and such men as Paul Warburg and George Reynolds and others in the management of that system, we can be assured of its success. We have with us to-day a gentleman who, as well as Beaumarchais, is a dramatist and an author. As a side line he is the contracting detective agency of the American Bankers' Association. If Mr. Burns is here we would like to hear from him for a few moments.

MR. WILLIAM J. BURNS: Mr. President and Members of the American Bankers' Association. I am deeply grateful for this opportunity of expressing my thanks and appreciation for the confidence reposed in me by the American Bankers' Association; and I know that I express the sentiment of very person present when I state that we have had a most delightful visit to this beautiful city and the hospitable people; and I also desire to thank the members of the Association for the co-operation and aid they have given me in my efforts to carry out the work assigned to me. And I promise that in the future, as in the past, I shall bend every effort to succeed in my work, and I sincerely hope that I shall earn a continuance of your aid and appreciation.

I thank you.

THE SECRETARY: I have been asked to read this announcement, from the Committee on Bank Credit Men, so that the Convention may know something about the work of this Committee and their future plans.

IMPROVING CREDIT RATINGS.

At the last Convention Mr. Kennard, of Maine, brought before the Council the necessity of some organization of workers which should have for its object the improvement of credit methods and the adoption of uniform systems of securing information and compiling same for the use of the commercial paper buying banks, etc. At this Convention an association has been formed. From the favor it has met with, it seems destined to be a most important branch of the Association's work. No appropriation is asked at this time, as the banks will support it direct; but this statement is made for the purpose of informing the Convention that this much needed co-operation upon the part of banks is receiving serious attention, and that the organization which has been effected is not intended to be independent of the Association in any manner, and that at the next Convention of the American Bankers' Association it is expected that sufficient interest will be shown by the members of the American Bankers' Association to give it full recognition.

THE CHAIRMAN: Is there any further business?

On motion, duly seconded, the Convention adjourned.

TRUST COMPANY SECTION

AMERICAN BANKERS' ASSOCIATION

Nineteenth Annual Meeting, Held at Richmond, Va., October 13, 1914

INDEX TO TRUST COMPANY PROCEEDINGS

Reserve Act and State Institutions, H. P. Willis	- Page 143	Report of Committee on Protective Laws	- Page 150
Report of Executive Committee	- Page 148	Detailed Proceedings	- Page 151
Report of Secretary	- Page 148	Joint Meeting Two Sections	- Page 151
Report of Committee on Legislation	- Page 149	Address of President Goff	- Page 158

The Future of State Institutions Under the Federal Reserve Act.

By H. PARKER WILLIS, Formerly Associate Editor of New York Journal of Commerce.

Mr. Chairman and Gentlemen: The subject assigned me for this meeting is "The Future of State Institutions under the Federal Reserve Act." The subject is a broad one because the theory of the Federal Reserve Act is that there should be a union of all banking institutions. Instead of confining the operation of the law to national banks, as was at first proposed by some thinkers, its scope was finally enlarged so that to-day almost any institution may become affiliated with the Federal Reserve system by complying with the provisions applicable to it. The legislation as it has developed, aims to create a means of unifying the reserves of the whole nation, in order that the whole banking system may be strengthened where it is weak by reliance upon the aid of the stronger portions of the country when need may be, while those parts of the nation which may have excess funds are enabled to employ them profitably by placing them at the disposal of other portions of the country for investment in the paper which may offer itself.

In another great and important way, the Federal Reserve Act as now framed contemplates the inclusion within its range of as many of the banking institutions of the country as can be induced to participate. I refer to the question of domestic exchange. The act provides for unifying domestic exchange methods. Such unification calls for the aid of all the banks of the country, if it is to be thoroughly successful and practical. Both as regards the attainment of genuine banking strength, therefore, and as regards uniformity of domestic exchange rates, the Federal Reserve Act distinctly contemplates and desires the inclusion of all institutions within its scope in the way that I have just indicated. I might go further and suggest a variety of considerations bearing upon this subject and showing the reasons why and the ways in which such affiliation is contemplated by the law. In the short time at my disposal, however, it will not be possible to cover the whole ground, and I shall have to confine myself to a few of the more important aspects of the subject.

Assuming, what is evident from the Act and from all that has been said, that State institutions are freely welcomed to the Federal Reserve system, and assuming fur-

ther that, as I have just intimated, the system cannot attain its full fruition and success unless the great majority of the banks of the country are gathered into it, let us consider the practical question presented to the State banks of the country.

First of all, what is there to prevent State banks from entering the Federal Reserve system? The Act provides that every such bank shall comply with the requirements that are imposed upon national banks with regard to capitalization in relation to population, and in regard to the amount of reserves maintained. Such State banks must, moreover, conduct themselves in a general way on the basis of banking management that is laid down for national institutions under the Federal Reserve Law, although it may be said in passing that there is nothing in that law to interfere with those banks which are organized under State law, or to prevent them from taking advantage of those broader provisions of legislation which are found on the statute books of some States. But, in a general way, State banks which enter the Federal Reserve system must live up to certain requirements as to capital and reserve, and must submit to examination on the same basis as the national members of the system. How does this affect the State banks?

It is undoubtedly true that in some States the standards set by law on the three points I have just mentioned are lower than those of Federal Reserve system. We cannot, however, get a fair test of the case by merely noting that there is a difference between State and National legislation in this regard. The real question is not whether there is a difference—that is to say, whether a State bank can if it chooses, get down to a lower basis of management than that prescribed by the National law—but whether the basis prescribed by National law is unduly high or severe. I do not think that a consideration of the terms of the law will lead any one to think so. As is well known, the Federal Reserve Act, during the later stages of its development in Congress, was modified in the sections relating to reserves so that as the thing stands, a bank in a central reserve city is merely obliged to keep eighteen per cent. of its demand deposits and five per cent. of its time deposits, one-third of the

said eighteen per cent. to be in its vaults in cash, seven-eighths in the Federal Reserve Bank, and the balance either in its own vaults or in the Federal Reserve Bank. A bank in a reserve city has to hold fifteen per cent. of the aggregate amount of its demand deposits and five per cent. of its time deposits. It being necessary that one-third of the fifteen per cent. referred to shall be held in cash in its own vaults, while six-fifteenths, or two-fifths, are placed in the Federal Reserve Bank of its district, the remainder being optional. In country banks it is necessary that a twelve per cent. reserve shall be maintained against demand deposits, with five per cent. against time deposits, while of this twelve per cent., only one-third, or four-twelfths, is ultimately to be carried in cash, and in the Federal Reserve Bank five-twelfths, the balance being optional as between the bank's own vaults and the Federal Reserve Bank.

Now, those requirements are not severe. They are very much lower than the ones that exist at the present time, particularly when it is remembered that the Act itself provides that one-half of each installment of reserve may be protected by re-discounting of the paper of the specified kinds enumerated in the law and, as a matter of fact, although this is permissive, there is nothing whatever in the law to prevent a bank being accommodated to the full extent of its installments in the way of re-discounts; in fact, one man supposed that after the system has been fully established, and the banks are open, that in many cases an institution which wants to build up its reserve will do so not by getting gold and taking it there, but by simply obtaining a re-discount upon the books of the Federal Reserve Bank of the district, leaving it to that bank to provide the gold or lawful money which is necessary in order to protect that credit.

Comparison of these figures with reserve requirements in the several States would be interesting, but time will not permit me to present a complete tabular view of the situation. Suffice it to say, therefore, that the reserves mentioned in the Act are not as great as those which are required of banks in the States whose laws have been best framed and are best executed. We must, therefore, reach the conclusion that the reserve requirements of the new system are not such as should prevent any bank from entering it. If legislation which is now pending before Congress should be put into effect by the Board, these reserve requirements would be made even lighter than those contained in the Federal Reserve Act itself.

What I have just said may be considered as bearing primarily upon the case of a State bank which is just organizing, has not become involved in any business transactions or complications, and is considering for the first time the question whether it shall affiliate itself with the Federal Reserve system or not. But, as a practical matter of fact, such banks are few in number. The question must be discussed from the standpoint of the State banks which have been in existence for years past, and which are active, going concerns, their funds involved in various transactions, and their credit committed to the support of various enterprises. What of such institutions? In a general way, I may say that it has been found that the two principal obstacles to the entry of State institutions into the Federal Reserve system are as follows:

- (1) The existence of a large element of real estate loans in the portfolios of the institutions;
- (2) The existence of what are called "excessive loans," by which is meant loans to single persons or individuals, greater than the amount permitted under the National Banking Law.

It has been rightly assumed by the State institutions that they ought to eliminate these two grounds of criticism if they expect to enter the system. A good many have suggested that they be given a reasonable amount of time to comply with the requirements of the system,

it being recommended that such time should include a period ranging from six months to three years. It is probable that a good many institutions could, if they chose, get ready to enter in much less than a year, while there are others that could not successfully prepare themselves without a much longer period than that. Some able bankers have told me that if they were given a very reasonable extension of time within which to bring their assets into conformity with the requirements of the National law and of the Federal Reserve Act, there would be no doubt that they would enter the system in large numbers, either at once, or as soon as the new banks were placed in practical operation. Whether they would do so or not, is, of course, simply a matter of opinion, but in the absence of definite information on the subject, it may be assumed that they would do so, since this is manifestly the view of many able State bankers who are entirely independent of one another and who come from sections of the country so widely separated that it cannot be assumed that they have merely taken their ideas from one another.

If it be supposed that the opinion thus expressed is approximately correct, then the question arises whether the Federal Reserve Board has the right to, or having the right, ought to, grant the concession that is called for. The Board has taken no action in this matter, and no one can or ought to try to predict what is likely to be done. Exactly how far its powers would permit it to go may be an open question. Without seeking to pass upon questions which are still sub judice, it can only be stated, therefore, that all thoughtful men, studious of the interests of the banking community and of the reserve system, do undoubtedly desire to see a large number of State banks included in the list of member institutions. Personally, it is my very strong hope and belief that a large number of them will be thus brought in, and under conditions which they can reasonably be expected to submit to during the transition period.

It will be observed, however, that all that has been said thus far has been based upon the assumption that the banks thus seeking to enter the system are banks of the same general kind or description as those which now constitute the rank and file of the member banks to-day. That is to say, it is assumed that they are commercial banks. On even that point I think there is some confusion of thought in some parts of the country, and possibly among certain groups of bankers elsewhere. The Federal Reserve system is essentially intended as a commercial banking system. It is therefore not desirable that any bank should enter the system unless it is doing or intends to do a commercial business. All those institutions which are engaged in operations that render it unnecessary or undesirable for them to comply with the commercial requirements, are, ipse facto, outside the range of banks that will be much benefited by membership. Although, technically speaking, every State banking institution willing to comply with the law may become a member of the Federal Reserve system, it is not desirable that those should do so whose business is essentially of a different type from that of the commercial banks of the country and which are, consequently, either forced to make a sacrifice, thereby subjecting their customers to discomfort or inconvenience in order to come in, or which are in some other way subjected to difficulty as a result of it. In a word, no State institution ought to think of entering the Federal Reserve system unless its business is of a distinctly commercial type. Granted that, there is every reason why it should come in, but granting that its business is of a different type, the case changes.

Thus, not only are the State institutions desired as members in it, but also the effort of the system, and the real test of its success will be found in the question whether it modifies the banking situation, the credit situation in this country so that there is a better condition

of things, not merely for its members, but for those who are outside of it.

As you know, the system itself does not undertake to do any business with the individual man, except in those open market transactions where the institution having surplus funds, which it is not called upon to lend to its regular members and depositors, that is, the banks, want to employ those funds in some way, and so enters upon the market and purchases paper, either in foreign exchange or in domestic operations, such as crop moving, or in the purchase of local bills that fall within the definition of the Act. But that, of course, is incidental to its main purpose, which is re-discount. And in re-discounting the system will fill, if it does succeed in so radically modifying the banking situation that men will directly profit by it in lower interest, in more uniform terms of discount, no matter whether they have any direct dealings with the Federal Reserve Bank of their district or not.

It seems to have been supposed by some banks that they must enter the Federal Reserve system in order to get the benefit of it. That is only partially true. If the Federal Reserve system attains the objects for which it is intended, it will do so because of the fact that it modifies the whole banking situation. It will provide a market for commercial paper and will tend to bring discount rates to a degree of uniformity that has never before been possible. When the conditions are such throughout the country that commercial paper of known value can be marketed, and when, through the development of the principle of combined reserves, panic dangers are largely eliminated, every institution, whether a member of the reserve system or not, will get the benefit of the improved situation. Of course, this result cannot be reached unless a sufficient number of commercial banks are joined together in the system. Enough are already members practically to insure this state of things, but the assurance will become more and more distinct as more and more of the commercial banks join. Should they all enter, the system will gain no additional strength by the incorporation of members whose business is of a primarily investment character, even though they technically comply with the reserve requirements. Neither will the institutions themselves profit particularly by such membership. They will get the advantages of the system in any case by being enabled to borrow under more favorable conditions from the member banks which have rendered their own assets more liquid through their own membership in the system, and have thereby enabled themselves readily and regularly to afford such aid as may be asked for by their banking customers. When we hear the statement, therefore, that it is to be hoped that all institutions will ultimately become members of the Federal Reserve system, the wish must be regarded as based on enthusiasm rather than on knowledge.

Those who say they contemplate the time when all banks will become members of this system, to those I should simply say there is no use in any such condition of affairs either for the sake of the non-commercial institutions, who are thus thought of as entering, or for the sake of the system itself. If the system is successful, it is successful because it is a live system, because every member of it is actively engaged in doing business with it. That is, through all of its members it is constantly touching the business of the country. The system will not help the community, will not help the member banks, if their business is not of the type which the system was intended to promote, and whose development it was primarily framed for the purpose of assisting:

In what I have said thus far I have merely outlined the conditions as I think they must appear to a business man. But your committee has also asked me to consider the probability of the future. This leads into the realm of prophecy, and I am thoroughly aware of the dangers

it involves. It is, however, possible to express a few opinions in regard to the general situation. At the present time, a moderate number of State institutions of all kinds have affiliated themselves with the system, including both banks and trust companies. Without giving exact figures it is fair to say that thus far only a very small percentage of State institutions has seen fit to join. Two questions arise in this connection, the one why more have not joined; the other whether more will join in the near future. Many persons regard the smallness of the number of State institutions that have already joined as indicating that the system does not appeal to State banks. I have already indicated some reasons for thinking that this should not be the case, and in fact, for believing that it is not. It may be inquired, what then is the reason why so few State institutions have become members. In general, my answer to this would be that the State institutions have not joined simply because they did not have to do so. The banker, above all, is a conservative. His function is that of supplying conservatism in business. He insures credit; he guarantees that other men's judgments are more or less correct. If left to himself, he will move slowly and look before he leaps, and his mistakes will be those which grow out of adherence to routine rather than those which are due to rashness, haste and desire for change. A good many State bankers who have not had the compelling motive for coming into the system at once that was felt by the national banks have, therefore, waited to see how the situation would develop. As nearly as I understand, many are now on the margin of doubt. If conditions open favorably, they will naturally be attracted into the system in considerable numbers; if the reverse, they will probably prolong their period of waiting. Believing as I do that the Federal Reserve system will be made to operate successfully from the start, my disposition is to think that there will, at an early date, be many new members who will come from among the State banks, and that they will join within a comparatively short time after the banks are actually open. Assuming, however, that such should not prove to be the case, and that no rapid movement of State institutions into the system occurs—what then?

Of course, I state that, as I said, with all hesitation, recognizing that it is an opinion about the future. During the past few months the rapid rush of new conditions in the financial and business world has been such that I should say even those who thought they could tell what was going to happen thirty days in advance must be pretty thoroughly chastened by now. I would not even forecast what a day might bring forth, but this may be spoken of as possibly an indication.

It is probable that State bankers who have what to them seems a good reason for postponement of action, will continue to find such reasons for sometime to come and will not bestir themselves to join the system until a very distinct, fresh motive is afforded to them for so doing. What will that motive be? It seems to me that the motive is hardly likely to be found in the mere lack of opportunities for re-discount. If the re-discount plan operates as it is expected to, State banks will get the benefit of it indirectly, by finding themselves able to dispose of their paper on favorable terms in the open market without necessarily going to a Federal Reserve Bank for their accommodation. It is rather to be expected that the motive tending to lead State bankers to enter the system will be found in the clearing function. If the clearance provision in the Federal Reserve Act proves successful, it may be expected that business will be transferred to the member banks by those who will appreciate the immense advantage open to them as a result of the provisions freeing them from the oppressive conditions to which they have been subjected in regard to domestic exchange. It will be imperative for State banks to place themselves upon as good a foundation for appealing to

the public in this regard as that upon which the member banks rest. We may say, therefore, that the early entry of State banks into the system depends in a very large measure on the way in which the clearance feature is handled and the extent to which the clearing function is taken over by the Federal Reserve Banks, under instructions from the Federal Reserve Board. Provided that this work is undertaken courageously and successfully, the result will be to enlarge very greatly the membership of the Federal Reserve system.

You will recall the case of the Suffolk Bank system of Massachusetts early in the last century. You will remember that the conditions at that time existing in New England were such that one could throw a stone in almost any community and it would be more likely to hit a bank than almost anything else. And you recall that bank notes were then issued by those institutions and shipped to a distance in the confident expectation that, with transportation as it then was, it would take a great while for them to come home again. Under those conditions, the Suffolk Bank undertook, as a result of joint agreement on the part of banks of New England, to redeem the currency of the State Banks of Massachusetts and adjoining States ultimately. And it will be recalled that every bank joining in this scheme was required to keep a deposit with the Suffolk. They redeemed its notes at par in Boston. Occasionally a bank tried to cut loose from the system, but it almost always appeared that under such circumstances its note currency was limited to a very small radius around the home office of the bank, for the simple reason that the bank belonging to the Suffolk system had secured their currency, which was good all over the district through which this combination of banks was operating.

To-day we do not use very many notes. We think of the note as an important matter, but that is largely habit rather than anything else. We get out notes in time of panic and distribute them with the belief that some good is being done; but is not that very largely what you call a psychological way of dealing with the situation? The real currency to-day, of course, is the bank deposit or check. Now, if the theory of the Federal Reserve system is carried out successfully, then you will see the same proposition carried into effect in each Reserve Bank district that was seen in the case of the Suffolk Bank System more than one hundred years ago. That is to say, you will see the modern application of that idea, for there is nothing new in this world, and the ideas of banking under discussion and carefully thought-out approach more nearly to a scientific basis than those of any other line of business. What is trying to be done in the Federal Reserve system as to domestic exchange has been done in the past, has been worked out successfully, as applied to bank note currency. Can it not also be applied to the modern analogue of bank note currency, assume that idea is carried into effect as was intended? Now, will not that result in leading many State banks to come in, in order that their credit may have the same scope and extension as that of the Federal Reserve member banks? Will not the State banker want his depositors to know that a check drawn upon him by them will have the same breadth of circulation, will circulate just as favorably as the check drawn on a National or State bank which is a member of the system? If so, will it not be a decisive consideration with many others who are on the margin of doubt as to whether they should enter the system?

It seems to me that if this plan is successful, and reasonably carried into effect, that that must almost necessarily be the case.

This opinion I advance simply as a personal opinion and under the restrictions and limitations already outlined. I do not pretend to foresee or predict the future; I analyze only the situation as it appears to me to-day.

Another question of longer range, and of equally great

moment, is this: Will the Federal Reserve system tend to enlarge the national system of banking, or to limit it? In other words, will the future of State institutions under the Federal Reserve Act be a future of a gradual conversion into national banks, or will the State institutions find their ranks gradually enlarging until ultimately the banking system of the United States consists of a body of banks organized under State law and federated together in twelve Federal Reserve Institutions, National Banks being either extinct or on the road to extinction? In much of the banking discussion of the past two or three years, it has been stated that the drift of things was toward the elimination of the National bank.

This was on the ground that with the bond basis for currency issue definitely removed, there would be no particular reason why a National bank should exist, while with the privilege of membership in the Federal Reserve system open to State banks, it would be largely a matter of indifference under which system an institution might organize. At times it has seemed to me that those who thus argued had a rather substantial basis for their predictions. And yet since the adoption of the Federal Reserve Act, the national system has grown rapidly. During that time there have been organized about 164 institutions. And this rate of growth is essentially the same as in recent years.

Time was when it was stated that no National bank would enter the system, they would rather give up their charters, but that did not prove to be the case; and so far was it from being true that, during the past year, there has been an even more rapid growth in the number of National institutions than there was during the year preceding or during the year preceding that.

There seems to be no disposition by established banks to leave the system, but on the contrary, the process of new organization continues as I have noted. It may be inquired whether this is not due to the fact that long experience has not been had with the new system, so that men naturally tend to follow in the groove marked out by custom, even though there are factors working against that success.

Of course, one would feel that that would be applicable only in small and remote communities, and that it could not be true in the larger centers of population. Moreover, one would feel that with the keen, alert view of men subject to the highly competitive conditions—which is true of the banker more than any other man, despite the assertions of many trust—I say that with intense competition existing in the banking business, one would expect a man organizing a bank to look into the situation, and one would not expect to see men go into a system that was obsolete or in which the advantages were distinctly minor.

Were the question to be answered in the affirmative, we should have to conclude that the probable relation between National and State banks under the Federal Reserve system and the relative growth of the two groups would be a matter for future determination as to which no positive opinion could be expressed to-day. To some extent this is undoubtedly the situation. Some States have already been making vigorous efforts to hold their own banks under State law. An example is seen in the case of the State of New York, which has recently liberalized its banking act, shaping a piece of legislation which some believe is more favorable to satisfactory banking than the National Act as modified by the Federal Reserve Act. Observe, however, that this action has been taken in order to prevent State banks from converting to National. The problem before us just now is the converse of that, and is, whether there will be a drift of National institutions into the State system. It would seem that there is good ground for believing that as a result of banking discussion and largely in consequence of the unifying influence of the Federal Reserve system, there will be a much stronger drift than heretofore to-

ward standardization of bank examination and of banking legislation. The Federal Reserve Act will have a very powerful influence in bringing about uniformity of conditions in examining banks and in controlling them generally. If such uniformity be rightly developed, may it not be supposed that banks already holding either a State or a National charter will continue as they are now? May it not also be assumed that, there being less variation of the conditions under which the two systems are operated, the choice whether to enter a State or National system will be of relatively trifling importance, so that banks will enter one or the other in very much the same ratio as at present, or perhaps in substantially proportionate numbers?

It seems to me that this is the direction in which conditions are drifting, looking at the matter from a long-range standpoint. So long as the State banks are allowed to become members in the Federal Reserve system, and so long as the effort to standardize National and State banking legislation is in progress, I do not see why one set of conditions should not offset the other, and each system continue fairly well to hold its own.

In other words, I think the tendency in this country is the hopeful and optimistic one, and it is to grade things up to a certain level, and not down. Time was when a bid was made for the organization of banks, by giving as poor legislation as they could, and by subjecting the banks to as little annoyance after the system had been organized as possible. Nothing is more hopeful than the disappearance of that tendency, and the efforts on the part of many centers to get satisfactory laws for banking, and the appeal of existing banks to enter their system on the ground that they have a good and an effective law which protects the legitimate, conservative banker against his fellow who is not quite so much so, and which places him in a position to appeal to the public as being controlled by legislation which is quite as stringent and quite as effective as the National Act. Of course, there are many States in which that is not true to-day. That is, not all of our laws are equally advanced; but it seems to me that a careful review of the situation, of the tendencies during the past twenty years, and particularly during the past ten years, shows a pretty steady advance in many States towards such uniformity. And, in that connection, it is only fair to say, it seems to me, that the efforts of the American Bankers Association and of State Bankers' Associations, dominated as such associations almost always are by men of foresight and judgment, has been a powerful influence in bringing about that tendency to grade things up instead of to grade them down.

It is not true, then, in my judgment, that institutions will drift out of the National systems and drift into certain of the State systems simply because the latter may be lighter in their requirements than the National.

It is recognized, however, that we are speaking of the future, nothing positive can be said, and no one can reasonably dogmatize about the probable outcome. Conditions may suddenly change, as they have in the past, and if they do, a new and unexpected drift may at any time be given to the course of banking development.

From what has been said, you will see that I am not inclined to speak very confidently or positively of the future on any of the points under discussion. In fact,

the present is of more importance than the future, because what happens later is the direct outgrowth of what is done to-day. For the present the problem is perfectly clear. It is, from the standpoint of the Federal Reserve system, to extend its borders as widely as it legitimately can among commercial institutions, bearing in mind and having due regard to the requirements of commercial banking, and always with the desire to take in only sound and well-managed institutions, as well as those whose business is of a type that conforms substantially with the provisions of the law. From the standpoint of the banks, it will evidently be worth while for State institutions to conform to the reasonable requirements of the Federal Reserve Act in the matter of capital, reserve and examination, if by so doing they can get any real or substantial advantages for themselves. That they can get such advantages, not merely in re-discount but also in clearing their items and in performing various other banking operations, and that they can materially advantage themselves and their customers by becoming members of the Federal Reserve system, is, I am sure, the general belief of those who are most familiar with National and State laws. Uniformity of management, simplicity in domestic exchange, ability to bring aid to those institutions or sections where aid is needed and to afford opportunities for fluid and legitimate investment to those parts of the country which have superabundant funds, will be promoted by the extension of the membership of the Federal Reserve system. When all has been said and when every consideration has been taken into account, I believe that the thoughtful and nonpartisan banker will conclude that the question of membership is one that goes beyond the bounds of immediate business profit. In the course of my remarks to-day I have endeavored to consider the problem with some little detail from the business standpoint. But banking on its higher side is, in my view of the case, a profession. It has its professional standards and its professional requirements. It performs an important public function. The banker must, therefore, consider not only what dividends he can make for his stockholders and what losses he can prevent them from incurring, but he must also think of the fulfillment of this public function in the best way. In the United States we have long suffered from incompatibility and divergence of banking methods. An opportunity is now given for standardization and for improvement of practice. Should not the State banks of the country who have so long borne an honorable and distinct part in the promotion of the country's commercial welfare, and many of whom have charters running back for a long period prior to the formation of the National banking system, stand ready to join in the effort to further the success and insure the greater soundness of banking methods in the United States? They can, if they will, attain these objects by affiliating themselves with the new system and by helping, through their influence and example, to make it a success. It is, I think, to be hoped that they may look at the question from some such standpoint as this, and in consequence, give their direct aid and support to the Federal Reserve system, as well as draw aid and support from it—becoming members of it and undertaking to give the fullest possible effect to the beneficial ideas embodied in the Act of 1913.

Committee and Officers' Reports—Trust Company Section.

Report of Secretary.

To the Executive Committee, Trust Company Section, American Bankers Association:

GENTLEMEN: Your Secretary submits herewith his report for the fiscal year ending August 31st, 1914.

The financial statement is as follows:

CREDITS.	
By Appropriation of Executive Council.....	\$8,500.00
" Sale of Trust Company Proceedings.....	58.85
" Sale of Trust Company Laws.....	1.00
Account Postage and Stationery.....	35.00
	<hr/>
	\$8,594.85
DISBURSEMENTS.	
Salaries.....	\$3,910.30
Postage, Stationery and Printing.....	1,102.77
Proceedings 1913.....	976.96
Executive Committee Meeting.....	660.59
Rent.....	605.04
Convention Expenses.....	261.32
Legislative Committee.....	95.80
Gold Badges.....	66.00
Traveling Expenses.....	64.15
Telephone and Telegrams.....	60.60
Loving Cup for Retiring President.....	125.00
Sundries.....	5.55
	<hr/>
	\$7,934.08
Credit Balance.....	\$ 660.77

With all bills paid to August 31st, you will note that there is a credit balance of \$660.77, which has been transferred back to the general funds of the Association.

I am pleased to report that while the running expenses of the office, such as postage, stationery, printing of pamphlets and circular letters have largely increased during the year, we have kept well within our appropriation.

The Section has on the Treasurer's book a credit of \$1,302.17 as a special account from the profits of the sale of the book of "Forms for Trust Companies."

I am also pleased to report that our membership has continued to grow, notwithstanding the provisions of the new constitution which made it necessary for a large number of our members heretofore enrolled in both the Savings Bank and Trust Company Sections to elect in which Section they desired to remain. Our membership at this time is 1,201—all companies doing a trust company business, and, therefore, selecting enrollment in the Trust Company Section.

The reports of your Executive Committee and of its several sub-committees will inform you in detail of the various and diversified activities of the Section. Serving as Secretary of these various committees, I have at all times endeavored to carry out such work as was entrusted to me and it seems unnecessary for me to refer further to what has been so ably set forth in these several reports.

On May fourth last there was held the Fourth Annual Banquet of the Trust Companies of the United States, members of this Section of the American Bankers Association. This banquet took equal rank with the previous ones as one of the important banking dinners held during the year in New York City. There were in attendance 614 trust company officials, bankers and representative men from thirty different States. For the information of those of our members who were not present it is proper to say that the entire expense of these banquets is met by the subscriptions of those present and no expense whatsoever attaches to the Section or to the Association.

It has been my duty and pleasure to serve our membership, our officers and committees to the best of my ability, and I desire to express to one and all my appreciation of the consideration shown me and of the pleasant relations which have existed during the past year.

The membership at large has more and more called on my office for information and I very sincerely hope that a more general understanding of what the Secretary of the Section can do for its members will prevail.

Respectfully submitted,

PHILIP S. BABCOCK,
Secretary.

Report of Executive Committee, by John H. Mason, Chairman.

To the Members of the Trust Company Section of the American Bankers Association:

MR. PRESIDENT AND GENTLEMEN: Your Executive Committee begs to report a year of growth and endeavor, of much undertaken and some accomplished in the interest not only of Trust

Companies, members or not of the Section, but of all the banking institutions throughout the country.

The relation of Trust Companies to the Federal Reserve Act, the onerous duties imposed upon them by the Income Tax Section of the Tariff Bill, the Model Trust Company Law, the protection of the word "Trust" by State enactment where necessary, the proper and thorough supervision of Trust Companies by State Banking Departments, the education of the public as to what Trust Companies are and the varied ways in which they can be of service to their clients—all these, and many other matters, have engaged the time and services of the members of your Executive Committee, and of its several sub-committees.

Reports of these various activities will be presented to you to-day by those to whom they were entrusted, and your careful consideration is asked at this time, and later when they appear in the volume of Proceedings, a copy of which will be sent to each member of the Association.

Before the new Federal Reserve Act became a law, its provisions were carefully considered at meetings of your Committee, and your officers and individual members made frequent visits to Washington to consult with the Banking and Currency Committees of the Senate and House. The guaranteeing of bank deposits, the granting to National Banks applying therefor the right to act as trustee, executor, administrator, etc., the double liability imposed on Trust Companies and State Banks becoming members of the Federal Reserve system and many other matters, were indeed live issues.

In the final form of the Act the guarantee of bank deposits was eliminated, also the double liability of shareholders in State Banks and Trust Companies which might become members of the Federal Reserve system, except in so far as such provision was already embodied in State laws. These desirable limitations were, it may safely be said, in part due to the activities of your Committee, and of individual public spirited bankers throughout the country.

Under the Act the Federal Reserve Board has power "to grant special permit to National Banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator or register of stocks and bonds, under such rules and regulations as the said Board may prescribe."

It is understood that the purpose of this provision is to permit National Banks to serve their constituents in localities where there are no Trust Companies, or other institutions, authorized to act as trustee, executor, administrator, etc. It is quite doubtful whether many Banks will avail themselves of such fiduciary powers. Even if they do, it should not affect, to any appreciable extent, the business of the Trust Companies. In many States, an enabling act must be passed before the National Banks can avail themselves of the Trust functions granted under the Federal Reserve Act.

The Income Tax Section of the Tariff Bill, due mainly to the "collection at the source" requirement, has proven most burdensome to the Trust Companies of the United States. Under the provisions of the Act, the paying company, practically, becomes the collector of the tax for the Government. It receives absolutely no compensation for its services and, in fact, is not reimbursed for the actual expenditures incurred. This seems markedly unfair.

The Rules and Regulations, issued by the Treasury Department, required no less than twenty-two forms of certificate of ownership, many of which seemed so unnecessary that your Committee urged upon the Department that it withdraw most of the forms issued, and modify and simplify the others. After careful consideration, the Department issued a set of revised forms, reducing the number from twenty-two to ten, and they are undoubtedly a vast improvement over the forms originally issued. On behalf of the Trust Company Section there has been submitted to the Treasury Department a single form of certificate of ownership, which it is contended would meet every provision of the Income Tax Section as well as the requirements of the Rules and Regulations.

At the meeting of the Trust Company Section held in Boston on the 7th of October of last year, a draft of the Model Trust Company law, which had been prepared by Thomas B. Paton, General Counsel of the Association, was submitted.

You will no doubt recall that, after considerable discussion, it was moved that the entire matter be referred back to the Executive Committee for such action as it may give it, and to report to this meeting. At the meeting of the Executive Committee held at Hot Springs on the 30th of April, very careful consideration was given to this matter. Certain members

of the Committee were opposed to the section advocating any particular law, or putting itself in the attitude of recommending to the legislatures of the different States the enactment of features which, while perhaps in themselves admirable, might not be adapted to the conditions in the several States; others were strongly of the opinion that the Section should not hesitate to stand for all the provisions in the draft of the law, and it was, therefore, decided to refer the matter to a Special Committee, that Committee to make its report direct to the members assembled in the annual Convention. The Chair appointed on that Committee

Messrs. F. H. Goff, R. W. Cutler, Oliver C. Fuller, John W. Platten and Usal H. McCarter,

and, in due course, you will have the privilege of hearing the Committee's report.

The new Constitution of the Association, as adopted at Boston, provides that members can only enroll in one section.

In accordance with this provision, notices were sent to five hundred and ten (510) members of the Association who were enrolled in the Trust Company as well as the Savings Bank Section, advising that they must elect in which Section they desired to remain. It is gratifying to report that, of these companies, over sixty-five per cent. elected to remain in the Trust Company Section, giving it a membership in excess of one thousand, and thereby entitled the Section to two members on the Executive Council of the Association. The membership in our Section at Boston was one thousand, three hundred and sixty-two (1,362) and is now, under the new provisions of the Constitution, with the additions during the year, one thousand two hundred and one (1,201).

We are also pleased to report that the Savings Bank Section has a membership largely in excess of the one thousand required, and it also has two members on the Council.

There is to be presented at the General Convention at its meeting to-morrow, an amendment to the Constitution, as follows:

Section 1. "Sections of the Association may be authorized or confirmed and regulated by By-law, for the promotion of the welfare of the different business classes of the membership, and any member of the Association may become a member of such Section or Sections whose constitution or by-laws permit of such membership as may best benefit such member's business interests; provided, however, that NO MEMBER SHALL HAVE THE RIGHT TO VOTE FOR OFFICERS IN MORE THAN ONE SECTION and shall at the time of becoming a member in more than one Section designate in which Section it will exercise the right to vote for officers by giving notice to the Secretary of such Section, which designation cannot be changed until an intervening annual election, and when any Section is authorized by by-law the same shall, upon application made, be established by the Executive Council."

Your Committee earnestly recommends that, when this amendment is offered, you give it your approval and vote.

The past year has proven one of excessive legislation, both Federal and State, and for the immediate future there seems to be no promise of a lessening. Laws have been enacted that are not based on sound economics, others have been enacted through prejudice and lack of accurate information. How are we to correct this and aid in a future betterment? By a higher appreciation of our citizenship, and by assuming our obligations to endeavor to form a more equitable public opinion.

You and I have a responsibility to turn the powerful forces of to-day into channels that will make for the good of all, and not for only the few. There has seldom been a time when patriotism was so needed as NOW, and that, in its true sense, means a submergence of self-interest which is surely bound to create a public opinion constructive for all time, and not, as in the recent past, destructive of business activity.

Then, too, we must bear our part in the Progress of the World.

In a few months from now, the democracies of Europe will be crying out for a return to normal conditions.

Men will want work, they will want wages, and all will want food.

The normal conditions which were shattered by the declaration of war were the fruit of centuries of evolution and work. In due course, the "To-morrow of Readjustment" must come, and we will need our full strength to do our share.

To aid in accomplishing this task of "World Reconstruction" and the embracing of unthought-of opportunities for usefulness and expansion of trade, there must be a unison of purpose and action on the part of our Government and the business men of the United States.

If we grasp our opportunity, and I believe we will, there will then dawn an era of prosperity, the like of which we have never seen before.

Report of the Committee on Legislation.

Mr. President, Members of the Trust Company Section:

The Membership Committee on Legislation consists of the three Executive Officers and two ex-Presidents of the Section. As these gentlemen are all on the Executive Committee of the Section, the work of the Committee on Legislation must necessarily be largely included in the report of the President and the Chairman of the Executive Committee. There was, however, some special work undertaken by the Committee on Legis-

lation which it might be proper to mention in this report. The Convention in Boston on October 7, 1913, was held shortly after the passage of the Income Tax Law, and, while the members of the Trust Company Section had no serious criticism of the principles of an Income Tax, or of the rate of taxation, they did object strenuously to the method of its collection. This was voiced most strongly during the discussion in which many members participated. In accordance with what they felt to be the earnest wish of the Section, the members of the Committee on Legislation, immediately after the close of the Convention, wired to the Treasury Department at Washington requesting interpretation of certain clauses in the Income Tax Law which were not clearly understood, notably those which related to the collection of coupons "at the source." No literature had been issued by the Government up to that time, and it seemed desirable and necessary in order to carry out the provisions of the law intelligently that we should know at the earliest possible moment exactly what the Government required. The bill became operative on November 1st, and, in spite of the fact that before that date a special Committee visited Washington to urge the importance of sending instructions to the Trust Companies and Bankers of the Country, nothing was given out until five days previous to the time when the law went into effect. It was immediately observed that the law was even more cumbersome than we had feared, and that it bore very severely upon the Trust Companies, and especially upon those in the larger cities. Application for interpretation of various clauses met with decisions on the part of the Commissioner of Internal Revenue, which in numerous cases were reversed in a few days after their issuance. In the spirit of progress many Trust Companies issued more or less elaborate books of instructions for the benefit of their clients; but, in most cases, these became worthless because of decisions, which, after having been extant for a few days, were reversed by the Internal Revenue Department. The Trust Companies, nevertheless, kept hammering away at the Department in Washington in order to obtain all the information possible. It was, however, only after weeks of work, with more or less bungling, that the collection of the tax at the "source" began to run at all smoothly. We feel that, in some measure, it was in consequence of our suggestions that certain methods of collection were simplified. The number of forms was reduced from twenty-two to ten, and the two forms most largely used, "exemption claimed" and "exemption not claimed," were by law directed to be on different colored paper—yellow and white respectively; and these changes have done a great deal toward simplifying the work. We trust that the single form suggested by our Committee may in time be adopted by the Government, and thus a still further reduction in number and variety of forms may be made.

In the early part of the current year, when the Federal Reserve Act was under discussion, we learned that, under the Senate Bill as suggested, State Banks and Trust Companies could continue during the thirty-six months' transition period to keep a part of the reserve with any member bank in a Reserve or Central Reserve City, but that in the Conference Committee the word "member" was erased and "National" was inserted in its stead. Your Committee deemed this an injustice. It would work unnecessary hardship on the country Trust Companies and State Banks wishing to join the Reserve Association and having their balance on deposit in Trust Companies and State Banks in either Reserve or Central Reserve cities, to be forced to change such balances to National Banks; and it would also be unjust to force the Central Reserve and Reserve City Trust Companies and State Banks coming into such a system to lose the deposits of their country clients. Any Trust Company joining the Reserve Association as a Member Bank, keeping up the reserve requirement according to law and being subject to national examination, should be a competent Reserve Agent for any other member of the Association, and should be placed on the same basis as the National Banks. Your Committee on Legislation, aided by certain influential members of the Section called upon for the occasion, were able to convince the Committee that such discrimination was unfair—and the bill as passed, contained, as desired, the word "member" instead of the word "National."

Another important matter was undertaken by certain members of the Committee on Legislation, after war had been declared in Europe, and related to the great depreciation in gilt-edge securities held by Trust Companies, Savings Banks, and Insurance Companies, both as investments for their own funds and for clients in trust. In consequence of the cataclysm abroad and of the frenzied sale of our securities, Railroad bond investments which had been considered "bed rock" depreciated extensively in value, and by the closing of the Stock Exchange, which occurred on July 30, assets which were believed to be "liquid," and easily realized upon in case of emergency, were made positively unmarketable. During the time which has since elapsed, demands to a considerable aggregate amount have been made by depositors, and inasmuch as no investment assets could be sold, the situation became most acute. It was realized that should the Stock Exchange be reopened a flood of securities would be returned to us by the badly alarmed European investors, and this would result

In a still further decrease in bond values. At a conference, where important interests were represented, a committee was appointed to wait upon President Wilson and urge the necessity of promptly taking some action toward sustaining Railroad credits. This we felt should be the first step toward establishing an abiding faith, both at home and abroad, in the stability of our investments. If the European holder of our first-class Railroad securities could be made to believe firmly that the administration was disposed to aid the Railroads to a point where their net earnings would provide beyond peradventure for their interest and dividends, and that his money was safer on this side of the Atlantic than it was at home, he would be disposed to hold his investments, and not sell them in our markets when the Stock Exchange was opened. Consequently the basis of value for our Trust Funds would be more stable and dependable. This committee met the President by appointment—and in a strong forceful manner. Letters have also been written and interviews have been held with members of the Interstate Commerce Commission, bringing the subject to their attention along the same line. We sincerely hope that the result may be what we all must earnestly desire.

Report of Protective Laws Committee.

Eleven States have held regular legislative sessions in 1914. In Vermont the session does not convene until late in the year.

In Massachusetts it was made unlawful after 1917 for any Trust Company to hold more than 10 per cent. of the capital stock of any other Trust Company. The State also passed a law permitting its Trust Companies to join the Federal Reserve Association and making such changes in the matter of required reserves, location of branches, acceptances of bills of exchange, etc., as is necessary to secure the benefit of this National legislation.

Kentucky, Louisiana, New Jersey, Ohio and Virginia took similar action, authorizing their State institutions to become members of the Federal Reserve Association.

The legislation in the State of Virginia does not expressly refer to Trust Companies, unless they would come under the designation of "banks chartered by the State of Virginia." Chapter 310 of the Virginia laws provides how Trust Companies may be incorporated and gives them general powers for the purpose of doing a Trust Company business in the State, and permits them to engage in general banking.

Maryland's contribution to new legislation was an act providing for the deposit of State public money in Trust Companies as well as in banks, and an amendment to existing laws which gives Trust Companies banking powers.

In Georgia no additional protective legislation was secured other than the passage of the fraudulent check law.

A number of our Association's protective measures were passed in Louisiana.

Mississippi has at last established a Banking Department providing for examination, regulation and control of all banks and Trust Companies other than National Banks and Postal Savings Banks. This State also passed a Bank Guaranty Act, thus going from the extreme of no protection of bank deposits to that of making the State indirectly responsible for them.

In New York, all State Banking Laws were ably revised by a competent Commission.

At a special session of the Ohio Legislature, State Banks and National Banks were prohibited from acting as administrator, executor, trustee or registrar, and it was provided that Trust Companies joining the Federal Reserve Association should exercise same trust powers now conferred upon them by law, and other State Banks and National Banks may enjoy powers in the matter of acceptance and execution of trusts which are now conferred by law upon Trust Companies, it being obligatory upon such State and National Banks to comply with legal requirements imposed upon Trust Companies in connection with the execution of these trusts.

In Rhode Island, an amendment to the banking laws was passed directing Receivers of Trust Companies in liquidation, after the declaration of final dividends, to pay all funds to the General Treasurer and deliver a list of unclaimed deposits and dividends to the General Treasurer, this list to be advertised each year for three years.

The Secretary of the South Carolina Bankers Association advises that no laws were passed in his State this year relating to Trust Companies.

Mr. John Poole, Secretary of the District of Columbia Bankers Association, advises that Congress has not passed any legislation this year which directly affects banks in the District. Presumably this includes Trust Companies.

An effort to secure an amendment to the Trust Company law in Louisiana, similar to the Ohio law, under the terms of which charitable trusts or educational trusts will be permitted, failed, but we are assured that the result was due to other causes than a desire upon the part of the legislators to defeat the bill.

During the year the Committee has taken up the question as to whether or not it would be desirable to obtain legislation in all States permitting a Trust Company to accept and execute trusts in any foreign State as well as in the State in which it is created, but in view of the provision in the Federal Reserve Act which allows certain Trust Company privileges to National Banks when not prevented by State statutes, and in view of the fact that there will likely be an effort made in several of the States to curtail these possible privileges, it was deemed inadvisable to press the question at the present time.

As stated in our last year's report, the Committee finds that much proposed legislation detrimental to Trust Companies is introduced by persons who lack intelligent information regarding the management and administration of our companies' affairs.

Occasionally such legislation is urged from improper motives, but these instances are extremely rare, and we believe that if Trust Company officials would make the effort necessary to come into closer personal contact with the legislators in their several States they would be able to prevent the introduction of much unnecessary and undesirable legislation.

The Committee desires to thank the General Counsel and the Secretary of this Section for their assistance and advice.

Respectfully submitted,

E. D. HULBERT,
SAM. W. REYBURN,
HERBERT A. RHOADES,
LYNN H. DINKINS, *Chairman.*

Detailed Report of Proceedings.

Nineteenth Annual Meeting TRUST COMPANY SECTION, Held at Richmond, Va., October 13, 1914

JOINT SESSION OF THE TRUST COMPANY AND SAVINGS BANK SECTIONS.

RICHMOND, VA., October 13, 1914.

The Joint Session of the Trust Company and Savings Bank Sections met in the Auditorium of the Jefferson Hotel, on Tuesday in the forenoon, October 13, 1914, at 10 o'clock A. M.

PRESIDENT J. F. SARTORI in the Chair:

The meeting will please come to order. This is a Joint Meeting of the Trust Company and Savings Bank Sections of the American Bankers' Association. We will open the meeting with prayer by the Rev. Dr. J. J. Gravatt, of the Holy Trinity Episcopal Church, of this city. The audience will please arise.

PRAYER

REVEREND DR. GRAVATT: Almighty, Everlasting God, the source and author of all our blessings, we acknowledge Thee as our creator and our Father. We know that all things come from Thine hand; the gold is Thine; the cattle upon a thousand hills are Thine; and we are Thine; and we pray Thee to forget all our thoughtlessness about Thee, and to fill us with Thy holy spirit that we may do and think the things that are right. We would beseech Thee, our Heavenly Father, to look in special mercy upon this world at this time. Some of our brethren are in the midst of strife and suffering; our hearts go out to them.

We pray that Thou wilt guide and direct those in authority, enabling them to put themselves in Thine hands; to realize that they are Thy servants. And wilt Thou, in Thine own good time, restore peace and safety where now is war and strife. Succor those that are tempted and those that are in suffering. Bind up, we beseech Thee, the broken-hearted. Supply the needs of those in poverty, and let Thy presence be with those who are wounded and dying. And we would know that Thou, the ruler of all the world, canst make even man praise Thee; and may all this cruel strife be overruled by Thee, by the establishing of an abiding, permanent peace. Give peace, O God, give peace again! And that there may be, as a result of all this, an acknowledging of Thee by the men of the world, the people of the land as Thy God, and may there be a great awakening of the spiritual life.

The world ask Thy blessing upon the land in which we live, the land of such promises.

Guide the Chief Magistrate of this country, and those in authority under him, that in this land we may so live, in this land we may so labor that peace and happiness, truth and justice, religion and piety may be established among us for all generations.

Let Thy blessing rest upon this Convention now assembled in Thy presence. Help them in all their deliberations to an eye single to Thy glory, the welfare of Thy country, and the uplifting of Thy people.

May we realize, one and all, that we are stewards under God for what gifts, for whatever blessings he has bestowed upon us. And enable us by Thy grace to be faithful stewards. And may this Convention, meeting in Thy presence, conducted by Thy spirit and ending by Thy help, be a blessing to those assembled, and to the country in which we live, and the world of which we are a part.

These things we ask in the name and for the sake of our dear Saviour, Jesus Christ, our Lord. Amen.

PRESIDENT SARTORI: I have now the pleasure of presenting to you Mr. F. H. Goff, President of the Cleveland Trust Company, also President this year of the Trust Company Section of the American Bankers' Association. Mr. Goff has kindly consented to act as our permanent chairman this morning. Mr. Goff. (Applause.)

MR. GOFF: Mr. Sartori is wrong. I did not kindly consent. I reluctantly consented, and naturally because he is more modest than I am.

Gentlemen, we have for discussion in this joint meeting the question that is of vital importance, not only to the banks, but to the nation. The attitude of State Banks and Trust Companies towards the newly organized Federal Reserve Association, we are going to discuss it, gentlemen, with just as little dignity and with just as much informality as may be, because we want to hear from the different parts of the country and know what they are thinking about and how they are thinking about it, and to the end that we may go to the respective institutions a little wiser than we came.

You are going to be honored by hearing from a gentleman who had much to do with the drafting of the Bill creating the Federal Reserve Association, a man, who, if I am informed correctly, acted as expert for the Banking Currency Committee of the House; at one time, and perhaps still, a professor on the Faculty of Columbia University, lecturing upon the subject of business and banking; until recently associate editor of the *Journal of Commerce*, of New York; and now Secretary of the Federal Reserve Association. He is to address you on the subject of "The Future of State Institutions under the Federal Reserve Act."

I have great pleasure in presenting Mr. H. Parker Willis. (Applause.)

MR. WILLIS: Gentlemen, I read somewhere last night that the American Bankers' Association's gathering here in Richmond was probably one of the richest associations of the kind in the United States, and possibly in the world. I do not know about that, I have not the figures, and I do not think the point is one of very much importance. What I do feel to be of more importance is that the American Bankers' Association, representing as it does, the united banks of the country, is probably the most significant, most powerful business body in the United States to-day. Believing as I do that the control of credit, the proper apportioning of loans, the sustaining of business by the assignment of fluid capital to its use is, in the last analysis, the factor in business life that controls the direction of industry, and it seems to me that a body of this kind exercising that enormous power must be supremely self-conscious of its immense responsibility.

For some years past I have had the privilege of being associated with bankers as a looker-on at the profession and its doings, and I have found that among bankers whom I have had the pleasure of knowing, the Savings Bank and Trust Company officers contain, among their number, some of the best informed, most thoughtful men in the whole banking community. Perhaps this was the cause of my own primary interest in the commercial side of the banking business. It has often seemed to me that if we were a little less strongly interested from a personal standpoint in the management of business, we are more likely to be detached, thoughtful, and to give purely theoretic consideration their due weight than those who are immediately and instantly concerned in the profit side of the business; so, for that reason I am doubly pleased to be before you to-day, first, because one could not find a more significant and powerful audience than the American Bankers' Association, nor one which has a greater capacity for making its judgments effective in the control and direction of business. I use these words in their legitimate, good sense; secondly, because I feel that among the banking profession in this country the Savings Bank and Trust Company men occupy a position which is second to none, and which, perhaps, because of its being outside of the immediate line of commercial business, gives them a detached quality which enables them to make their judgments directly operative without some suggestion that they are colored in any manner by personal interest.

The subject assigned me for this meeting is "The Future of State Institutions under the Federal Reserve Act"; and I have taken the liberty on account of, as I think, the importance of the subject, of writing down my views on this subject. I shall from time to time depart somewhat from my manuscript. The subject assigned me is a very broad one, because of the theory of the Federal Reserve Act, that there should be in the United States a union of all banking institutions.

In its original conception, the Federal Reserve Act was, by many, believed to be designed entirely for National Banks; but, as you know, it has been given a far broader scope than that, and now permits the coming in of State institutions into association with the National Banks, because of the basic idea in the law, as it finally was passed, to the effect that good and successful banking reform could never be attained without a general junction of all banking institutions for the purpose of performance of certain necessary functions instead of confining the operation of the law to National Banks.

The Future of State Institutions Under the Federal Reserve Act, by H. Parker Willis.

[The address of Mr. Willis will be found on page 143.]

CAPTAIN DINKINS (of New Orleans): Mr. Chairman, would there be any advantage in a State Bank becoming a member of the Reserve system, whose collateral would not be accepted by the Reserve System for loan or rediscounts? In other words, there are numerous country banks whose collateral consists in mortgages on real estate, and notes and bonds and stock as collateral. As I understand it, such collateral will not be accepted by the Reserve System?

THE CHAIRMAN: Professor Willis, will you reply to the gentlemen?

MR. WILLIS: In answer to that, I will call your attention to what I endeavored to point out about the undesirability of strictly non-commercial institutions joining this system. Of course, if a concern has its assets in such form that it cannot get rediscount, there is little object, I should say personally, in its joining the system. To do so would be merely, would merely

have a sentimental value; but practically, of course, it would not be of much aid, except perhaps on occasions of panic or some special difficulty when it might have a little more direct and immediate position to get assistance from the Federal Reserve Banks than it otherwise would be. Of course, ordinarily, this system, if it succeeds at all, is not to be a stormy weather system, but it is to work right along successfully. If not, it is of no particular benefit. An institution that is not abnormally supplied with assets that enable it to do business with the system right along on a reasonable basis, I don't think has very much to gain in joining. At least, I do not see that it has.

Does that answer the question? I did not quite hear all your questions.

THE CHAIRMAN: I think it does.

I think, Professor Willis, I voice the views of all the members of the Savings Bank and Trust Section when I tender you our hearty thanks for your able and interesting paper.

MR. WILLIS: Thank you.

THE CHAIRMAN: We invited and expected to have Governor Hamlin, Governor of the Federal Reserve Board, but who unfortunately found that he was unable to reach Richmond before to-morrow. However, I will be glad to have Governor Hamlin know that our grief is lessened by the presence of Professor Willis.

We are also disappointed, greatly disappointed, at the inability through George M. Reynolds, President of the Continental and Commercial National Bank of Chicago, to be here. Some weeks ago he had accepted an invitation, his paper was prepared, and he expected to be in attendance. Matters relating to the organization of the Regional Bank in Chicago unexpectedly came up and made impossible his being here. I am permitted to read a letter from him, briefly giving his views and attitude with regard to the question under discussion, which is in reply to a letter from me under date of September 21.

CONTINENTAL AND COMMERCIAL NATIONAL BANK.

CHICAGO, September 23, 1914.

My Dear Mr. Goff:

I have your favor of the 21st instant and have read the contents of same with much interest and pleasure.

I fully appreciate with you that it is our duty to do all we can to create a condition which will justify the State banks in becoming members of the Federal Reserve Association. We can never have a satisfactory condition in banking in this country until this has been accomplished.

On the other hand, the enforced entrance to this system of the national banks by the Government, thereby putting at the risk of the success of the system over ten billions of dollars of the banking power of this country, is so great a change from the old-time conditions, I am rather inclined to feel that great care and careful deliberation should be given to the subject before State banks generally undertake to enter the system.

While we all hope and believe that the system can, through some modifications, be made to be fairly successful, still, until it has been tried, the whole matter will necessarily be an experiment, and I cannot help feeling that it would be wiser for the State banks, representing over fifteen billions, or 60 per cent. of the banking power of the country, to defer joining the system for a little bit, in the hope that they may later on go into something that has been tried and proven to be successful, rather than to go in entirely upon confidence and hope for the system's future success.

Whatever my feelings are with reference to State banks going into the system, I want it distinctly understood that I am friendly to the system as it has been provided for by the law, and shall do everything I can to make it a success, and in any utterance that I make upon the subject I shall make it clear that I am doing so as a friend of and not as an enemy of the system.

I believe the plan which you have outlined will, if you can get the parties named in your letter to respond, do much good, and if it could be brought about that such a committee as you have suggested would be given an opportunity to confer with the Federal Reserve Board, I have no doubt such modifications and changes in the law could be secured as would make the system satisfactory to the State Bankers generally.

With kindest regards and best wishes, I remain,

Yours very sincerely,

G. M. REYNOLDS.

THE CHAIRMAN: I also regret to say that Mr. A. Barton Hepburn, Chairman of the Board of Directors of the Chase National Bank of New York, owing to a wedding in his family, finds it impossible to be present. I beg to read a letter from him under date of October 9, voicing his views with regard to the matter on our programme.

THE CHASE NATIONAL BANK.

NEW YORK, October 9, 1914.

F. H. Goff, Esq., President, Trust Company Section, A. B. A., Hotel Jefferson, Richmond, Va.

My Dear Mr. President:

The Federal Reserve Bank Law was duly passed, and in the course of events will be put into practical operation in the near future.

I believe the law, in the main, to be a good one, and based upon underlying principles which will work out a better banking, financial and credit system for the country. It is our duty as bankers and as patriotic citizens to give to the law loyal support, in order to enable the same to accomplish the greatest good possible. Its efficiency will depend largely upon the banking power back of the managers of the central reserve board and the various local branches. It is, therefore, eminently desirable that all, or as many of our bank-

ing institutions as possible, become members of the same, and give it their practical support.

The law involves many and radical changes from the present methods of credit procedure. It will necessarily take some little time for the managers to inaugurate this new system and bring it to a state of efficiency. The system will start with substantially all the national banks of the country. It may be helpful rather than otherwise, if trust companies and State banks refrain from joining at the outset, and give the managers a little time to get the new system in good working order. The mechanism once established, the joining of additional or new banks may be very easily effected. The test of the law in practical operation may show defects which can and should be removed by legislation. I have no doubt that Congress will readily respond to any reasonable demands for legislation of this character. Of course, the law will be subjected to the closest scrutiny by business men, publicists and economists as well as bankers, and any wholesome legislation required will doubtless have back of it a consensus of opinion demanding its adoption.

I hope that in the near future banking institutions generally may become members, in order that the system may represent the concentrated banking power of the country. This is desirable, so that the Federal Reserve system may be thereby strengthened in its power to serve the public interest.

For the above reasons, I assume that it will be agreeable to the Central Reserve Board if State banks and trust companies refrain for a little time from joining the system. It is, however, a live question to be kept before all such institutions and before the public, a question for careful deliberation, and as soon as may be, I trust for favorable affirmative action.

Very truly yours,

A. BARTON HEPBURN,
Chairman of the Board.

THE CHAIRMAN: You will remember that Mr. Hepburn was Chairman of the Currency Commission of the American Bankers' Association, and from his discussion, public discussion of the Aldrich Bill, has been conspicuous in his interest on the subject.

I will now read a letter from Mr. A. J. Hemphill, President of the Guaranty Trust Company, of New York City.

GUARANTY TRUST COMPANY, NEW YORK.

NEW YORK, October 5, 1914.

Dear Mr. Babcock:

I have been hoping that I could arrange my affairs so as to attend the meeting of the American Bankers Association at Richmond, Virginia, on October 13th. I find, however, that it will be impossible for me to be absent from New York at that time. I greatly regret my inability to attend.

I should especially like to be present at this meeting so that I might have an opportunity to express my approval of the Federal Reserve Act and the beneficial results which I am sure will follow upon the inauguration of the system.

In this connection, I desire to say that I feel certain that the Trust Companies will co-operate with the various Regional Banks so as to make the whole system a complete success, and in this way serve the interests of the people at large. The broad law recently adopted by the State of New York will, in my opinion, prevent the Trust Companies organized under the laws of that State becoming members of the Federal Reserve System until the Federal Reserve Act is amended along similar liberal lines. I anticipate as the operation of the system indicates the necessary emendations that these will be enacted.

Very truly yours,

A. J. HEMPHILL.

P. S. BABCOCK, Esq., Secretary,
American Bankers Association,
New York, N. Y.

THE CHAIRMAN: I will now read a letter from E. D. Hulbert, Vice-President of the Merchants' Loan & Trust Company, of Chicago, Ill.

MERCHANTS' LOAN AND TRUST COMPANY.

CHICAGO, ILL., October 10, 1914.

Mr. F. H. Goff, President,

Trust Company Section, American Bankers' Ass'n, c/o Jefferson Hotel, Richmond, Virginia.

My Dear Mr. Goff:

Your telegram of this date has been received.

The attitude of the State Banks to the new Federal Reserve System is manifestly one of "Watchful Waiting," and I do not see how anyone can criticize them for that attitude. While the framers of the Act desired to give the State Banks an opportunity to come into the new system without sacrificing their rights under their State Charters, they apparently gave the Federal Reserve Board power to restrict the business of State banks entering the system in any way which in its judgment might seem proper or necessary.

There is no reason to suppose that the Federal Reserve Board has any desire to interfere materially with the functions now exercised by State Banks, but, so far as I know, the Board has not yet agreed on its policy in this respect.

I believe when the Federal Reserve Board does take this matter up, it will recognize the fact that the State Banks of this country are performing a service to the communities in which they are located, which is important and necessary to the growth and welfare of the country, and which service cannot be performed if any attempt is made to make hard and fast rules for the conduct of their business, which shall be uniform throughout the United States. In order to make rules for the conduct of National Banks uniform, the business of those banks had to be restricted within such narrow limits that they have been able to give the communities in which they are operating only a comparatively small part of the necessary banking facilities. For this reason it has become a common practice of National Banks, of late years, to affiliate themselves with State institutions, in order to give their clients complete service.

I cannot believe that the Federal Reserve Board will fail to recognize these facts.

The question most often asked is: "What will be the attitude of the Federal Reserve Board regarding loans on real estate?" So far as I know all State Banks have the power to loan money on real estate, and they would probably look with disfavor upon any attempt to restrict their operations in this field. It is a fact, however, that, on the whole, this privilege is used very moderately by the State Banks. Nearly all the banks operating under the great banking systems of Europe have the power to loan money on real estate. As a matter of practice, they exercise the power in a very limited way, and no harm comes from it.

In my judgment, the limitations on State Banks imposed by the Act itself are about all that ought to be imposed upon State Banks entering the system, that is—banks entering the system should be required to comply with the same reserve and capital requirements, submit to the same examinations as National Banks, and should also be required to conform to the provisions of law imposed on the National Banks respecting the limitation of liability which may be incurred by any person, firm or corporation, the prohibition against making purchase of or loans on their own stock and the withdrawal or impairment of capital or the payment of unearned dividends.

Also, State Banks going into the system and their officers and employees should be subject to the penalties of the National Bank Act, and they should be required to make reports of conditions and of the payment of dividends to the Comptroller. Aside from this I can see no reason why they should be hampered in the conduct of their business, except in the way of such regulations as any good system would impose for the proper conduct of the business. Obviously, the taking out of National Charters under the new Act is entirely impracticable so far as Trust Companies are concerned.

All Federal Banking Legislation in the past, designed to protect depositors and facilitate business, has broken down under pressure, largely because State Banks have not been included in its operation. Inasmuch as State Banks represent a great deal more than half of the banking power of the country, it is obvious that not remedial legislation can be ultimately successful that does not include them. When the Monetary Commission first promulgated its plan for banking reform, it excluded State Banks. The Commission became convinced, however, early in the debate that the plan would be a failure if State Banks were not included, or if any attempt was made to force them to do business on National lines. This recognition of the real position of State Banks in our financial system was, in my judgment, the greatest step in banking reform which has been taken in fifty years. I hope and believe that the Federal Reserve Board will recognize the importance and necessity of getting the State Banks into the new system, and will, at an early date, define its attitude to the State Banks in such a way that those doing a commercial business will be glad to join, thus giving the country an ideal system which can only be brought about in one way—namely, by State control of the kind of business which shall be conducted, supplemented by Government supervision and control in its operations.

Sincerely yours,

E. D. HULBERT.

THE CHAIRMAN: Now, one more letter. This is from Col. F. H. Fries, President of the Wachovia Bank & Trust Company, of Winston-Salem, N. C.

WACHOVIA BANK AND TRUST COMPANY.

WINSTON-SALEM, N. C., October 10, 1914.

Mr. F. H. Goff, Jefferson Hotel, Richmond, Va.

Dear Mr. Goff:

In reply to your telegram and the request for my views in regard to the Federal Reserve Association, beg leave to say that I haven't the time at my disposal to prepare a paper of any material value or worthy of presentation at the meeting. In fact the matter has been one of inquiry and concern on our part ever since the bill passed. Personally, I have thought, and have been prepared to favorably consider joining the Association for two particular reasons. First, because I thought that we were now nearing a National System based upon proper principles that should include all banks and financial institutions, that would grow in strength with the great country that the Association will be called upon to serve. I am quite sure that this will be so under the guidance of a wise and liberal Board, such as seems to have been selected. The other consideration is especially applicable to a bank of deposit, which we are to a certain extent. There are advantages accruing to membership in the matter of discount and emergency currency that is a direct and positive advantage at times, and a sentimental attendant advantage that seems to add strength because direct and immediate relief lies closer to those institutions than those that do not. The Trust Companies doing only a fiduciary business will find little advantage in joining. I think, therefore, that it will have a tendency to differentiate if not ultimately separate Trust Companies according to the character of the business that occupies their funds and attentions. The Clearing House feature might also be of some value to us. Of course the disadvantages of the arbitrary rulings by the Board without a fore knowledge of how our business is conducted, or the relation that might exist between the various departments might be annoying to say the least, particularly as I believe they will tend to inaugurate a system and introduce a rigid enforcement of the rules that will tend to standardize all in the Reserve System, which might, and doubtless would, apply more closely to other sections of the country than our own, where liberal ideas and practices prevail. For these reasons it has been a debatable question, and our Executive Officers are not as fully convinced as to the advantages as I am, and we have simply done what most institutions have done, deferred our action until the Board has organized and its rulings promulgated and we could see something of its practical working.

I am giving you this for what it is worth and presume you can see how my mind is running on the subject. I would like very much to hear the discussion, which I know will be of vital interest to all present, and shall read the account of the proceedings very attentively. I hope, however, to have the privilege of discussing it with

you afterward in my own home, and shall look forward to it with the greatest pleasure. Please do not disappoint me.

Very cordially yours,

F. H. FRIES,
President.

THE CHAIRMAN: Gentlemen, we are honored by having the President of the parent association, the American Bankers' Association, Mr. Reynolds, here. With your permission I would like to have you listen to his address.

REMARKS OF ARTHUR REYNOLDS.

MR. REYNOLDS: Gentleman of the Convention: I appreciate very much the honor of being called upon at this time. I did not enter the hall with any thought that I would be called upon to address you, and have not any particular message to convey at this time. I have been very much interested in the discussion that has taken place here, particularly the paper prepared by Mr. Willis, a very learned gentleman, who has had a great deal to do with the preparation of the present law, and also particularly in the statements that were made by Mr. Hulbert, who is recognized as a very prominent banking man in the country, representing particularly the views of you gentlemen who are interested in these two sections. We all recognize—I might say, however, that the President of the American Bankers' Association, through his office, is brought before the membership in a great many different ways, both in the Convention and as Chairman of the various committees, and modesty would prevent my occupying any particular amount of your time on this occasion. I beg, however, to say that I think the bankers of the country feel that the Federal Reserve Board that has been appointed is composed of gentlemen of a high order who instill confidence in the new system. Very much undoubtedly will depend upon the administration of the new system. The National Banks have already indicated their desire to co-operate to the fullest extent, and, of course, we all realize that if this system is to bring about the benefits which it is expected, that it is desirable to have the co-operation of the entire banking fraternity of the country, particularly the State—those State institutions—and we feel that if this system fails to accomplish the co-ordination of the banking system—of the different system of banks throughout the country—that it will not have accomplished what has been expected of it; and it is to be hoped that there will be such reasonable regulations provided as will enable the State institutions to come in under the law and thereby unify the entire banking business of the country.

I anticipate that, perhaps, the administration of the law will have a great deal to do with the question of State Banks coming into the system at this time; we are all at this time having some practical illustrations of the administration of some of our laws by officials in a way to give the banks of the country a very great deal of concern, and I anticipate that they will await action until it can be determined what the regulations are going to be in regard to the new system.

I feel that the bankers of the country are to be congratulated that we have, after many years of discussion, secured a new law. It is not all that the bankers expected or believed that they should have, and yet they feel that it is probably as good a law as could be accomplished under present-day conditions; and I believe that the banking fraternity generally are very well satisfied with the present law, and I anticipate that, as we go along, we will find that the system will work out to the very great benefit of the country.

There is one important feature of the system that has impressed me as being probably one to which too great attention has been given, particularly that of providing for rediscounts. Every line of the new bill and every defense made of the measure has been one inviting rediscounts. I believe that the new system should be such a one as would encourage reasonable rediscount by banks in time of need, but I think it would be a very great mistake if we develop a system here particularly with that one feature, to encourage banks to always rediscount freely and for profit.

My judgment is that it was a very wise provision, providing that the new system should return a small percentage of income to banks, because I do not believe that the question of profit to the banks is a vital one to the system; nor do I believe that banks should be able to rediscount with those banks, with those Federal Reserve Banks to great profit to themselves, because it would encourage continual rediscounting which would absorb the great reserve fund which has been deposited for benefit in time of need, and when the actual hour came for use of the fund it would be found that the fund was not there to be had.

We find that in a foreign system, particularly with the Bank of England, they do not rediscount practically at all for banks. The opportunity is given to rediscount. It is provided that banks may rediscount, and yet a bank in England which would rediscount with the Central Bank, as has been stated by one of the eminent managers of one of the foreign banks before the Monetary Commission, his bank would be regarded with suspicion if they did rediscount, because the banks are expected to keep themselves in condition to take care of their own affairs all the time by carrying such liquid assets as would take care of their immediate and unusual requirements; so that in England they have developed there a great system, providing a re-

serve which is at all times an object lesson to the world that they are prepared to meet every obligation, and with ample means provided whereby in an extreme emergency they can rediscount; and yet, they very seldom, if ever, rediscount with that bank.

In Germany and in France, if I remember right, about 70 per cent. of the loans at the time that the Monetary Commission made their investigation in Europe, were made by the Bank of France to member banks and, if I remember, the German Bank, the Deutsche Bank, had about \$140,000,000 of loans and about \$250,000,000 rediscount to banks; so that in those two countries, in opposition to the plan in England, those two countries do rediscount rather plentifully and at all times take care of the reasonable requirements of their banks; but they are careful to have in their vaults at all times a large amount of foreign bills which they can liquidate to meet every requirement.

There is another feature in connection with the foreign system which must be borne in mind—namely, that the English Bank rate, the French Bank rate and the German Bank rate, are always slightly in advance of the commercial loan rate of those countries. I do not mean by that the rate in the small country towns, a rate established for what would be known here as commercial paper, is always slightly in advance, so that the bank which rediscounts with those banks does so by sacrificing some of their own profit in order to take care of the immediate situation, but the great saving clause in that operation is, that it keeps the banks at all times in a position to meet any reasonable requirement, because banks do not rediscount, whether they are compelled to do so either without profit or loss, except on very rare occasions; and, consequently, this great gold reserve is kept in constant use as an object lesson to the world, and also as an opportunity to enable the banks to take care of themselves under these conditions. So that I say, if any of you gentlemen having thought while all this discussion has been going on for years that the real object of this law after all was to enable banks to come into the system through which they could rediscount at great profit and expand their loans and thereby expand the business of the country and thereby as many of our legislators hoped and believed that it will reduce the rates of interest, I think you should disabuse your minds at once of that idea, because if this system is carried along on that line you may be sure it will never meet with the success which is hoped for it.

Now, gentlemen, I have not undertaken to discuss this question at this time; I did not come here for that purpose. I have some ideas to express in what I may say to you to-morrow.

I thank you at this time. (Applause.)

THE CHAIRMAN: Gentlemen, the fun is all to come. Mr. Sartori and myself beg to suggest the following rules to govern a free-handed discussion, the time of each speaker to be limited to three minutes. Under no circumstances, even with the consent of the Convention, is the time to be extended or to occupy a further period of three minutes. There are ten or a dozen gentlemen who have given some study to this question, and it is our desire to call upon them for brief utterances. Following that remarks will be in order.

I am asked to read the following notices:

Meeting of the Savings Bank Section will be held in this room at 2.30 o'clock. The speaker will be Mr. A. M. Harris, on the subject of "Savings Bank Securities in the Light of Recent Events"; Mr. E. C. McDougal, President of the Bank of Buffalo, of Buffalo, New York, on the subject of "Recent Amendments to Savings Bank Law of New York and Reasons for such Amendments."

The Savings Bank Section will be held this afternoon at 2.30 in the Salon of the Jefferson Hotel, which they tell me is in the rear of the dining room, up a little flight of stairs. All delegates may obtain their home papers, newspapers and telegrams, addressed care of the Convention, at the Information Bureau.

I am also asked to announce that there is a large quantity of mail at the Information Bureau, at the Jefferson Hotel, for Members of the Association and their guests.

Also that the General Convention will meet in this room to-morrow morning at 9.30 o'clock, for general association business, and an address will be delivered promptly at 12 o'clock by the Hon. Martin W. Littleton.

I now ask, gentlemen, to introduce to you another guest who has honored us by his presence. The Hon. Richard L. Austin, Governor of the Third District Regional Bank, Philadelphia District.

REMARKS OF RICHARD L. AUSTIN.

MR. AUSTIN: Gentlemen, when I came on this platform I was told I was not to be presented to the Convention, and the Judge has made a mistake in presenting me as Governor of the Federal Reserve Bank, of Philadelphia. I have had the honor of being appointed Chairman of the Board of Directors and, of course, Federal Reserve Agent. I do not think it is hardly fair to me or yourselves to introduce me into these proceedings. I am frank to say that I came down here to learn something. I am here, as I say, in the capacity of an operating official and I am looking for information, and I find it is pretty hard to get. Washington is doing a great deal of work in making investigations and preparing system accounts to determine just what functions the Reserve Banks shall perform when they are

opened, but they have not come to any positive conclusions as yet; but when they do, I think we shall be satisfied with what they have provided for. I think we are fortunate in having read to us to-day the very thoughtful paper by Mr. Willis. If we give careful consideration to what he has said, we will get a good idea of the system and will arrive at the proper conclusion as to our duty to it. He stated about the relation of the Trust Companies and State Banks. I have not thought very much about it, but it seems to me that the time may come when the facilities that the Federal Reserve Banks offer for rediscount and for the collection of checks will be considered a valuable asset, and the public may prefer to do business with institutions which are members of the Federal Reserve system, and which has access to those facilities. I do not think the Federal Reserve is starting out as a competitor with the State Banks or the Trust Companies. I think I am safe in saying that it was not started primarily as a profit making enterprise. We hope to receive the ardent support of the bank officers in the State in the introduction of the system and help along our efforts to make it a success.

THE CHAIRMAN: I am now going to call on a member, a well-known member of the banking fraternity, Mr. Sol. Wexler, President of the Whitney-Central National Bank of New Orleans, La.

REMARKS OF SOL. WEXLER.

MR. WEXLER: I was just about to leave the room, fearing I might be called on to say something on this subject, and it is with a great deal of diffidence that I respond to the call of your Chairman; and it is very difficult to make an expression on this subject without going into some of the criticisms and the defects under which we shall labor under the new Act, until it has probably been amended by Congress. However, as the time devoted is only three minutes, I shall endeavor to stick very closely to that part of the subject which is uppermost in your minds at this time, and that is of the State banks joining the system.

It is my opinion that, in order to make it advisable for State banks to join, certain very important amendments to the present Act will have to be put in force, and I believe that a commission or a committee should be appointed by the American Bankers' Association at this meeting, composed of five members representing the Trust Companies, five members representing the National Banks, and five members representing the State Banks, who might confer with the authorities at Washington with regard to amendments that should be made to the Act in order to make it workable for State institutions. I believe it is necessary that every banker who works daily in his own institution and who knows the necessities of his case ought to be conferred with concerning these necessities. I believe it is practically impossible for authorities, appointed for one reason or another to the offices which they hold, many of them very able men undoubtedly, to thoroughly understand the intricacies of the various problems with which bankers have to contend, and therefore I believe a commission of this kind will not only be a very great advantage to the bankers of the United States, but also to those authorities who are charged with the duties of making our laws.

It was undoubtedly the dream and hope of every patriotic and altruistic banker during the many years of discussion of currency and banking reform that we would one day have a centralized reserve; one day a law under which all the banks of all characters in the United States could come in under; one day a system under which the present method of extending open credit would be substituted for acceptances such as is carried on in Europe. These were the three things we had all hoped for. This Act probably is the best that could have been hoped for at this time. Perhaps that is the case. I am not prepared to make that statement positively. However, we have this Act and I believe it will be a long step in the direction of reform under the many abuses we have worked, and I believe the American people can be relied upon to so amend it from time to time as to make it useful in the upbuilding of our country and in the establishment of one complete unit system of banks; and I further hope that the day may come when the reserves of the whole country will be centralized in one institution instead of twelve.

I thank you, gentlemen.

THE CHAIRMAN: I now take pleasure in introducing Mr. John W. Platten, President of the United States Mortgage & Trust Company.

REMARKS OF JOHN W. PLATTEN.

MR. PLATTEN: Mr. Chairman and Gentlemen. I do not know that I can add anything of importance to what has already been said on the question of this Act as it affects various State institutions. I do know that there is a certain obligation, I think, resting upon State institutions to give this matter very serious consideration, so far as Trust Companies are concerned. I beg to state that our company recently has compiled statistics of Trust Companies in the United States in the preparation of their thirteenth edition, and these figures are as of June 30, 1914. It indicates that the total resources of Trust Companies of the United States and the companies from which we have

reports totals nearly \$6,000,000,000. That is \$450,000,000 greater than in 1913, and a little over 50 per cent. of the total resources of the National Banks of the country, as reported to the Comptroller on June 30, 1913. Therefore, I think the position of the Trust Companies as a unit in the financial system of the country is a very important one and must be reckoned with. I have heard it said that the Trust Companies as a whole ultimately would be forced to join the system. I do not believe that such action is contemplated. Undoubtedly the Federal Reserve Board, even after completion of the organization of the system, will think that remedial legislation will be necessary. I only have to suggest as a means to the end that possibly for the consideration of the Act, that out of each Section a commission or committee be appointed, and that out of those three committees, if there are three, a sub-committee be appointed to report and keep in continual conference with the Federal Reserve Board, to the end that this remedial legislation is adopted, or for Congress to take such action as may be necessary; that such action be taken with respect to Trust Companies and State Banks and Savings Banks. I have no doubt if that commission approached the Federal Reserve Board in proper spirit that great good could be accomplished.

THE CHAIRMAN: I now introduce Mr. Oliver C. Fuller, President of the Wisconsin Trust Company.

REMARKS OF OLIVER C. FULLER.

MR. FULLER: Mr. Chairman, I think at this time anything I can say would not throw any light on this situation beyond that which has been given us so clearly by Mr. Willis, and a personal opinion of the Act by our President of the Association, Mr. Reynolds, except to say that I was very much interested in noting the divergence of opinion between those two gentlemen as to what was the purpose and what would be the working out of this act, one of them expressing the opinion that banks which do not expect to take a very active part in rediscounting and doing business with it would almost incite him to express the opinion would not be desired as a member, whereas Mr. Reynolds thinks rediscounting would be a small part. Therefore, there is such divergence of opinion as to how the system would work out that I hesitate following those who have given it so very much thought and have had so much to do with framing it, in expressing an opinion as to the present or future. I do desire to say that I approve of the suggestion made by Mr. Wexler, of New Orleans, and by Mr. Platten, of the appointment of committees representing the various branches of banking, represented in this Association, who might consider carefully, and perhaps influence somewhat the method of the rules and regulations under which the State institutions may enter the system and profit thereby and benefit thereby. That is all I have to say. (Applause.)

THE CHAIRMAN: Mr. Wexler, do you offer as a motion the appointment of a committee?

COMMITTEE TO SUGGEST AMENDMENTS TO FEDERAL RESERVE LAW TO MAKE IT ATTRACTIVE FOR STATE INSTITUTIONS.

MR. WEXLER: Yes, I do, as a committee of fifteen, to be composed of five representing the National Banks, five representing the Trust Companies, and five representing the Savings Banks. I have included National Banks for the reason that in the suggestions of any legislation it is necessary that they not conflict with the interest of National Banks; otherwise, opposition would be created on the part of National Banks. In other words, there must be complete harmony in whatever legislation or amendments to this Act may be suggested. Therefore, I think it advisable to have all the branches of banking represented on the commission, and I offer that amendment.

THE CHAIRMAN: And if you please, what suggestion have you as to how the committees should be appointed by the different Sections?

MR. WEXLER: Yes, except there is no National Bank Section. The National Banks may be appointed by the President of the Association, and those representing the Trust Companies and Savings Banks by the various Sections—by the two Sections, the Trust Company and the Savings Bank.

MR. PLATTEN: Don't you think, Mr. Wexler, it would be much better for the various Sections to agree upon remedial legislation or the amendment to the Act and thereafter confer with the National Banks? Is it not true that the Federal Reserve Board is already well acquainted with the features as far as National Banks are concerned? Therefore, it seems to me that a committee or commission from each Section would be in a position to signify their conclusions reached before they conferred with the Federal Board.

THE CHAIRMAN: Your suggestion is that a committee of five from the Trust Companies, a committee of five from the Savings Banks, be appointed to confer with the Federal Board, and I suppose with committees of Congress?

MR. VEST (of Virginia): Would it not be more effective and would it not come with better force from the General Convention of the American Bankers' Association? I am thoroughly in sympathy with the appointment of this committee, but I think action could be deferred until to-morrow and this motion then be made before the General Convention rather than just

before one of the Sections; and I offer that as a suggestion that we postpone this appointment of a committee.

THE CHAIRMAN: I might say that this is the last opportunity after concluding with the Savings Bank and Trust Company Sections. Their meetings are to conclude to-day.

MR. WEXLER: I am of the opinion that the influence of such a committee would be considerably greater if it came from the whole Association than to have it come from one or two Sections; and talking on the point made by Mr. Platten, his remark would rather indicate that the Act requires amendment in so far as National Banks are concerned, I do not concur in that view. Therefore, as we do not want two committees or commissions, one on National Banks and the other on Trust Companies and Savings Banks, and as National Banks and the interest of Trust Companies are not diametrically opposed, from my standpoint, I think it would be desirable if the committee were composed of three classes of banks; I think it would have greater weight; I think the amendments, perhaps, would meet with uniform satisfaction; I think it would lead to less discussion afterwards, and possibly to less opposition. It is much better to meet upon a common ground at this time rather than to oppose anything that may be suggested by the Trust Company Section and the Savings Bank Section. In other words, uniformity is what we want in order to accomplish legislation, and it is my opinion that the personnel of the committee should be as I have originally indicated.

THE CHAIRMAN: As we have no second to your motion, do you desire to frame your motion, that the committee be appointed by the General Association?

MR. WEXLER: My motion would be that a committee of fifteen be appointed by the General Association and that that committee be composed of five representing the National Banks, five representing the Trust Companies, and five representing the Savings Banks.

THE CHAIRMAN: And that the adoption of the motion which you make be an expression of our desire to the General Association that such action be taken?

MR. WEXLER: Yes, sir.

MR. VEST: Do you distinguish between commercial State Banks? It seems to me that the commercial State Banks are more interested than any other branch of the banking business.

MR. WEXLER: The commercial State Bank should be represented undoubtedly, and you might make it four classes then.

THE CHAIRMAN: Pretty large committee, Mr. Wexler.

MR. WEXLER: Yes; but you could reduce it to three—make it a committee of three each, and that would make it twelve.

MR. PLATTEN: I would like to correct Mr. Wexler's idea as to what I stated, that any legislation was necessary on the part of National Banks. I think the Federal Reserve would appreciate that remedial legislation is necessary, even though they did not join, but I can see no particular objection.

THE CHAIRMAN: Do you second Mr. Wexler's motion?

MR. PLATTEN: Yes.

THE CHAIRMAN: Each representing the four classes, Trust Companies, Savings Banks, State and National?

MR. JACKSON: Would it not be better for this Trust Company Section to appoint, or for the Chair to appoint, its own representatives, and then go to the General Convention with a statement that it was appointed, rather than have the benefit of the Trust Companies motion made by the General Convention, at which meeting there may not be as many as are here now? It amounts to the same thing, to me.

MR. WEXLER: I think your views can be met by coupling with your recommendation the names of the three from the Trust Company Section and three from the Savings Bank Section, by coupling with the recommendation those names, and it would then be left with the general body to select representatives of States who have no organization and of National Banks.

THE CHAIRMAN: The question is this: that the recommendation go to the General Convention at its meeting, perhaps to-morrow, that a committee of three from the Trust Company Section be nominated and named by the Section at its meeting this afternoon; that a committee of three from the Savings Bank Section be similarly named by that body at its meeting this afternoon, to serve the three members to be appointed by the General Convention in the manner designated by it, representing the State institutions, and three representatives of the National Banks to be similarly appointed.

MR. VEST: It seems to be that we are anticipating the fact that the General Convention to-morrow is going to appoint this committee. All we can do is to recommend that this committee be appointed, and if they do, they can name certain men that can be recommended for this committee. I think you ought to be careful not to commit the General Association so that they must appoint this committee, and thereby lose the force that the action of the General Convention would have. My idea is to avoid the fact that a Section has acted on this important matter.

THE CHAIRMAN: Are you ready for the question?

MR. FOYE: I would like to understand just what the duties are to be of those representatives.

MR. WEXLER: My understanding of the duties of the commit-

tee is this: that we all appreciate the desirability of having the Trust Companies and Savings Banks join the Federal Reserve system. If we agree in that, then the duty of this committee or this commission is to recommend to the authorities at Washington the adoption of certain amendments to it which will make it desirable for such institutions to join.

THE CHAIRMAN: Would you not go somewhat further and give to them, at least clothe them with power, if the Federal Reserve Board would permit of a conference on the subject of regulations and rules, by promulgating them?

MR. WEXLER: And we might add to that, to be adopted by this committee on reviewing the rules and regulations now under consideration by this Federal Reserve Board, in order to see to what extent those rules are favorable.

THE CHAIRMAN: Are you ready for the question? As many as are in favor, please signify by saying Aye; opposed, No. Mr. Sartori, will you be kind enough to see that a committee of three is appointed?

COL. FARNSWORTH: I would like to call your attention to one point which does not seem to be generally understood, and that is, under the new Constitution the appointment of committees must come under that head on the last day of the Convention—it must come under the order of committees and committeemen. We would be very glad if that is submitted, to bring it up at the time.

MR. JACKSON: Mr. Chairman, it seems to me now that having gone on record as approving the appointment of this commission to look into the regulations of the law and its provisions for Trust Companies and Savings Banks, I am very fortunate in the fact that the company with which I am connected is purely in a class of those companies which are advised to keep out, for the moment, not to join the Federal Reserve, because we do not do a commercial bank business; and that has been my idea for the moment, that it was not wise to step in; and I think it has given me much encouragement in that belief and to hear the very frank statement made by Mr. Willis, to have one member of the Government to tell us, absolutely without restriction, what he thinks would be the disadvantages, perhaps, to go in the Reserve system; then to have another member of the Government, as chairman of the Board of Federal Reserve Banks, say that Washington is not yet altogether prepared in its forms and mechanism for conducting this business, makes it to me the more patent that it is not right at present for a Trust Company not doing a commercial business at any rate, patriotic as it may be.

THE CHAIRMAN: We will now hear from Mr. W. E. Knox, Comptroller of Bowery Savings Bank, of New York.

REMARKS OF W. E. KNOX.

MR. KNOX: Mr. Chairman and Gentlemen, I won't take more than three minutes; I hardly think I will take three minutes. As most of us belong to these institutions that Mr. Willis has ex-communicated from the Federal Reserve system, in his opinion, we stand in that class apart that is able to judge serenely of the system without having any personal interest in it particularly. We are very fortunate in that respect. I do not entirely agree with him that we are so entirely disinterested as he appears to think, because in the Trust Companies and Savings Bank we have a large aggregation of the banking power of the United States, and no matter how the system works, whether it is a success or not a success, it is inconceivable that we cannot be and are not interested, if not directly, indirectly. Just at the present we are, in the East especially and in the big cities more especially, we feel very strong a good many of us, that if there were some way in which, in a period like this in the future, if it were necessary we could avail ourselves directly of the aid of the Federal Reserve system, it would be a mighty good thing. As at is now under the present law, a Savings Bank in the State of New York, or a mutual Savings Bank in any State, no matter how pressed, could get no help from the Federal Reserve system without going through another party, a member of the Federal Reserve. Our interests are certainly big enough, it seems to me; certainly our responsibilities are big enough, to make it very well worth while, through such a committee as Mr. Wexler has suggested, to inquire into the merits of the case and see if there is not some way in which we can come into direct affiliation with the Reserve system and make use of it when the time comes.

THE CHAIRMAN: Mr. R. C. Stephenson, Vice-President of the Saint Joseph County Savings Bank, South Bend, Ind.

REMARKS OF R. C. STEPHENSON.

Mr. President and Gentlemen of the Convention, in speaking of the Federal Reserve bill I must address my remarks to the condition in which the bill is to-day, not what might happen to the bill if it is properly amended, but as it now is upon the statute books of the United States.

As it is to-day, I think that the State Banks, the Trust Companies and the Savings Banks will be indirectly benefited by the bill without having any of the burdens that are taken by the National Banks in connection with becoming members of the Reserve Bank. But I do heartily agree with the remarks that have been made by Mr. Wexler and others, that there should

be amendments to the Federal Reserve bill that would enable the banks, the National Banks, the Trust Companies, the State Banks generally and the Savings Banks to be invited to come in. As the bill stands to-day, it simply says to the National Banks: "You must come in or get in." There was no invitation in the bill for a State Bank or a Trust Company to become members of the Federal Reserve banks.

The only suggestion that I heard the speaker make to-day, Mr. Willis, and I must say that his explanation of the subject was certainly very explicit and frank, but the only explanation that he makes is that the State Banks and the Trust Companies would be advantaged by the clearing of the domestic exchange. And it seems to me that it would be a very easy matter for the Trust Companies and the Savings Banks and State Banks to arrange for a satisfactory clearing of their domestic exchange without becoming members of the Federal Bank, as it is now constituted on the statute books.

There is another matter that the State Banks and Trust Companies have viewed with amazement during the recent few weeks, and that is the strictures that have been made on the National Banks by one of the officials in Washington, and I think that every officer of a Trust Company and a State Bank and a Savings Bank has had cause to be thankful every time he opened his bank during the past three weeks that he was not a member of the Federal Reserve Banks, so that he would be under that official. Attacks have been made against National Banks, the officers of National Banks who are here, and I want them to know that all of the officers of the Trust Companies, the State and Savings Banks extend to them their sympathy; and we have felt very sorry for the position in which they have been placed. It seems to me that if there were any members of the national organization who had done anything for which they should be called upon to make explanation, it should have been by a private communication instead of through the public prints.

REMARKS OF N. F. HAWLEY.

THE CHAIRMAN: I make the call upon Mr. N. F. Hawley, Treasurer of the Farmers & Mechanics Savings Bank, of Minneapolis.

MR. HAWLEY: Mr. Chairman and Gentlemen. I am one of those who are so detached from any personal interest in this discussion that I can speak with freedom. I must admit that heretofore I had felt a decided interest—in fact, I must admit that I still feel a decided interest in the legislation and in the operation of this Federal Act. I believe, and have always believed, that the banks of the country do a public service; that it is a profession. I believe that we all did it—I did not believe that only part of us did it; and I have had the opinion. I have still the expectation that the time will come when the United States will recognize the fact that we all have service to perform, and that we will all be included in the assistance that is to be given to us and in the aid of national administration.

I think we should have confidence in the future. We should not be pessimistic. I believe we should have faith in the administration of this bill; and the best way for us to give the best service, the best way for us to get the best out of it is to be in that mood that we can assist, in that mood in which we can be assisted. I have felt that there were three or four main reasons why State Banks, whether they be commercial Banks or Trust Companies, or Savings Banks, if they were permitted to join; reasons why they do not join. They have been suggested in one way or another this morning. It is proper that we should be pardoned and wait for the experience under this act. It is one good reason why we should. It is a great strain upon the banking system, upon the operation of financial matters if all capital should be at once subjected to this. Isn't it prudent that we should wait to see how it operates? and isn't it proper that we should get from that experience wisdom by which we should go forward? I think it is a proper reason why we should wait. It is also a perfectly proper reason for us to consider whether we can retain the advantages which we now have. It is certainly an important reason. The State institutions have many advantages. They serve their local communities; they serve many of their local communities in ways that National Banks do not, or cannot, under the present reserve act. If they cannot perform their duties, they ought to wait until the act is so framed that they can.

I think there is another reason we should wait, and that is until we know whether this Federal Reserve act will be subject to political control. The criticism has been made—it has not been made in hostility altogether, it has been made in friendliness—as to whether the operation of this Federal Reserve Act will be subject to political control. The present administration is going on record, it is making its record. We must look to that record. What else can we look to, if we decide what we shall do in coming under the administration of this act? I, therefore, say that we are to ask them, in view of their friendliness, of their desire to have this act successful, in view of their desire that the country shall be administrated, that they restrain, be careful, be wise in their political control of this great instrument of business.

REMARKS OF THORNTON W. COOKE.

THE CHAIRMAN: Mr. Thornton W. Cooke, Vice President of the Fidelity Trust Company, of Kansas City.

MR. COOKE: Mr. President and gentlemen, I shall use my three minutes to cover, if I can, just one point. Dr. Willis in his admirable paper asked us why the State Banks and Trust Companies should not come into the system. Then he very cogently stated one reason that will keep them out: the possibility of a narrow limitation on investments and on real estate loans.

The real estate banks in the Central West—I represent some of them as well as the Trust Company and the numerous State banks out there—are perhaps the most valuable features of American banking, make many real estate loans. I mean typical banks that will carry \$100,000.00 or \$35,000.00 on real estate loans. The alternate of such banks would be to export capital out of those communities to purchase the commercial paper of industrial organizations and allow the farmers of those communities to import capital from outside to finance their operations. It seems unnecessary and undesirable to me that such men should be so driven to exchange outside capital for inside capital when they can perfectly well use their own capital and use it at home.

The same considerations apply to many Trust Companies. Many Trust Companies have investment departments which make a specialty of handling real estate loans. They carry at times more than 25 per cent. of their capital in such investments, 25 per cent. being the limitation of the Federal Reserve banks upon National Banks.

If I follow Dr. Willis correctly, it is his expectation that the Federal Reserve Banks limit State Banks to the same 25 per cent. that was laid down in the act for National Banks. A valuable function both of Trust Companies and State Banks has never been interfered with. The desirability of such a function is the very reason why there are so many State Banks in the Central West now that otherwise might be National. Where the need of such investments is not felt, the tendency is strong for the banks to become National if they have adequate capital. They think the word National is valuable out there.

I wish therefore to suggest to the committee that is to be appointed that earnest thought be given to the possibility of framing some regulation of real estate loans which would be acceptable to the Federal Reserve Board, and permit such Trust companies and such State Banks as would otherwise like to come into the system, to come in, notwithstanding their real estate loan investments may at times exceed 25 per cent. of their capital.

Mr. Hulbert, in his most interesting letter suggested—I feel that we have heard that suggested more than once—that such regulations might be laid down as would destroy the flexibility of American banking, for American banking has been flexible. Not, it is true, in the provision for currency issues, but for its individuality and independence. Our numerous State banks, not guided perhaps, not having the wide experience which a city bank has obtained through a knowledge of the entire regions, have made losses, but they have also made loans that would have been refused had they been subject to the narrow rules as laid down from some head office.

Now, I trust and I think that Mr. Hurlbert's fear is not warranted. I do not believe that upon full consideration of the question we shall be subjected to narrow rules. I believe and trust that the Federal Reserve Board will lay down workable rules and regulations that will not interfere with individuality and independence in American Banking, but while giving us many of the advantages of a good system, will preserve that individuality, that flexibility which has been the most useful feature of our banking system.

THE CHAIRMAN: Gentlemen, I am going to call upon one other gentleman, and that is the father of the Trust Company Section, Mr. Breckinridge Jones, President of the Mississippi Valley Trust of St. Louis.

REMARKS OF BRECKINRIDGE JONES.

MR. JONES: Mr. Chairman and gentlemen, I would not respond to my feeling if I did not acknowledge the compliment the chairman gave me when he heralded me as the father of the Trust Company Section. It has been a very great and distinct pride of my life that I was associated with a number of other prominent gentlemen who were in the Trust Company business at that time, in forming this section, and throughout its history I shall watch its proceedings, not only with interest, but with affection.

Now, as to this question that is here, I speak not from a disinterested point, but on the contrary. I have been studying this and thinking about it. I have watched the progress of the legislation. I had thought, when Senator Aldrich, yielded the proposition and put State Banks and Trust Companies into his bill, then when it was so fully recognized in the act which has been passed, that it meant that State Banks and Trust Companies as they were with the powers which they had in their respective States, should be eligible to membership in this Reserve System. And I had no idea when the law pro-

posed there, simply that the Reserve Board could make regulations, that it was going into the question of fixing proportions of loans and to do other than to see that the State Bank or Trust Company was complying with the law of its own existence and was a safe institution for the people to do business with, and that it would be a safe member of the Association. I don't think it was intended by the Congressmen who voted for that bill, and I am sure it was not by the representatives of State Banks and Trust Companies that advocated the passage of that bill, that we were going to have the Reserve Board legislate as to the exercise of our charter powers.

We understood that Trust Companies and State Banks as incorporated in the various States, were made eligible for members, and if the State wants to change our powers all right, but I don't think it is up to the Federal Reserve Board, and I do not believe they will attempt to exercise that power. They can make regulations. If they find a certain thing is distinctly inconsistent with the obligations they may have—there may be some extreme case, for instance it has been pointed out, they say here is a Trust Company that does nothing but guarantee titles, or here is a Trust Company in name that is doing fidelity insurance business as its main business. It might be well, they might say to a company of that kind, that you have not any banking business. But I don't think that the regulations that are to be made out by the Reserve Board should, for instance, say to a Trust Company in Missouri, "You shall not act as executor or administrator, or that you shall not lend money on real estate, or that you shall have only 50 per cent. of your loans," or anything else. What we shall do is determined by the law of our existence and the law of our State, and as long as we abide by the law and are safe institutions for the people of our respective States, under this bill we are eligible for membership in the Federal Reserve Board.

There are certain reasons that have influenced my own judgment as regards this. In the first place, the law of my State, as construed by many, said that the banks had no power to acquire stock in the Federal Reserve. The Attorney-General has ruled otherwise, but at the same time there was a question about that, and in some States there was an absolute prohibition. Until the laws can be amended in certain States so that State Banks can own stock in the Federal Reserve, of course, there is a reason why they should stay out. Some States will have the laws amended so as to cover the question of acceptances. So that when they do come into the Federal Reserve Association they will be in a fair position to begin the business that the National Banks are doing, and to live in competition with them.

That there will be distinct prestige in being a member of the Association, I have no doubt. I earnestly hope that the situation may come around where I can advise the institution with which I am associated to become a member. I want the advantages from it, I want to have the facilities of collections; I want to have the discount privileges, and I think there is some difficulty that is going to arise in this matter, and I simply speak of a Trust Company as a single kind of institution. Their powers are very different. Mr. Jackson, for instance, his company's power or by-laws prohibit the use or handling of name paper. A Trust Company that is not allowed to receive deposits is very different from what you may call a Trust Company or Trust Bank in Illinois. The Illinois Trust and Savings Bank, they are a bank and Trust Company. It is different in the different States. And the word of warning that I wish to have before the Trust Company Section is that when it comes to making a suggestion and taking positive action here we be very careful to not make general regulations which may be viewed from the standpoint of those gentlemen who are in States where Trust Companies are not the same things as they are somewhere else. A Trust Company in California, in New York now, where it has been given full banking powers, is a very different kind of an institution from what it is in other States. Let us not have a committee that will be appointed and in making recommendations let it be viewed that Trust Companies must be all of one class, and that what will be good for Trust Companies of this class will be good for a Trust Company of that class. There must be flexibility.

I have no sympathy that all banks of this country should be under one system. I think the free banking system under which every community could get together and organize its own bank has been one of the fundamental reasons for the marvelous growth of the United States.

The only reasons for a National Bank that heretofore existed are practically wiped away by this bill. They are no longer banks of issue. Going over for a moment old questions in the early history of this country, they did not think we had a right to a National Bank; and the only reason for it was to handle interstate commerce and things of that kind. It never was intended that they should handle real estate loans; and now since they have taken away the issue there is no reason for being a National Bank more than for being a State Bank; and if a State Bank can come in, so long as it is safe, it should be free to come.

The thing I am afraid of is that, with so many bank examiners examining 19 Commercial Banks to where they examine

one Trust Company, they will want to put a National Bank yardstick on us. They cannot measure it that way. If an examiner comes in he does not understand it, and he is liable to make a great many arbitrary conclusions. And the one thing I am afraid of more than anything else is this arbitrary control that comes from a Federal control, that looks back to Washington for appointment. In our own State we know the examiners. The examiners and the Superintendent of Banking is responsible to local conditions, and we are not afraid of oppression there; but when it comes to an examiner from Oregon, or Maine or Georgia, and he comes to Missouri with no local affiliations, and looking only back to Washington, he is puffed with the great idea that he is a Federal officer and wants to exercise all the power of the Federal government. And I know of no set of men that are more arbitrary than the representatives of the Department of Justice, the Post Office Department, the Department of Labor and Commerce, who go to your bank and walk in and demand that we should tell them about the business of our customers; and if we do not do it, threaten and say, "I will take you to New York," as one tried to do with me; and did take me to Washington on a *subpoena duces tecum* with our journals. He wanted to know our confidential relations with our customers. I am afraid of that power. I believe the Reserve Board could straighten that out and let their examination come largely from their reserve banks in our districts, and there we will have directors who are responsible to local conditions.

I thank you, gentlemen. (Applause.)

At 12.45 P. M. a recess was taken until 2 o'clock P. M.

AFTERNOON SESSION.

TUESDAY, Oct. 13, 1914.

RICHMOND, VA., October 13, 1914.

The Nineteenth Annual Meeting of the Trust Company Section was held in the salon of the Jefferson Hotel on Tuesday afternoon, October 13, 1914, at 2.30 P. M.

President F. H. Goff in the Chair.

THE CHAIRMAN: Gentlemen, the meeting will now come to order. The Secretary will read the minutes of the last meeting.

THE SECRETARY: The minutes are not read, Mr. Chairman.

THE CHAIRMAN: The Secretary advises that it is not customary to read the former minutes of the meeting; unless there is some call for such minutes, they will be dispensed with. They are published in the annual report, however. I had not intended to read a formal address. In view of the discussion had at the joint meeting of the Savings Bank and Trust Company Sections this morning, I thought I ought to have at least the courage that others had in expressing their views in regard to the attitude of Trust Companies towards the Federal Reserve Association, and, with your permission, in a very brief formal address, I will read my views on that subject.

Annual Address of President Trust Company Section F. H. Goff, President Cleveland Trust Company, Cleveland, Ohio.

For more than two months the banking institutions of the country have been subjected to an unprecedented strain caused by the war in Europe. It is but just that we record our appreciation of the prompt and efficient assistance rendered by the Government, without which serious disturbance, perhaps untold disaster, might have ensued. The splendid courage and ability displayed by the executive officers of both National and State institutions in New York City, in dealing with situations that were not only unknown but undreamt of, has commanded the admiration and respect of the entire country, and let us hope of the Federal Government. That Trust Companies have survived the strain without failure in their ranks, and have contributed their full share to maintain the Nation's credit, affords the strongest evidence of their able and conservative management, and will deservedly add to their standing and prestige.

The crisis through which we are passing has demonstrated, as nothing before in our history, the need of a powerful central bank where the reserves of the Nation can be concentrated and the outflow of gold controlled. Grateful as we are for what has been accomplished under the able leadership of President Wilson in bringing about a reform in our currency and in perfecting our banking system, we anxiously but hopefully await the enactment of further legislation which will insure adequate protection of credits both at home and abroad should conditions ever arise in this country such as have obtained in Europe since the declaration of war. The real test of a financial system must be its ability to adequately serve in times of maximum strain.

Firm in the conviction that impending collisions are more likely to be averted when there is but one and not twelve levers to be operated, we believe that the trend in the future must inevitably be toward further centralization. While our views with respect to this differ from those in authority, we wish it to be known that we are not antagonistic, but sincerely desirous of being helpful in working out the financial problems of the Nation. The question that confronts us is how much help can best be given. Will our influence be most effective by refusing to accept membership, by holding aloof and criticizing what has been done, or can we best serve by co-operating with the National Banks and the Federal Reserve Board? Will we have the most influence from without or within? I believe the Government needs and desires the support of the Trust Companies, and perhaps sooner than we now think they may again need its support. Those who are not influenced by patriotic motives, perhaps ought to be by selfish ones. Commending the President as I do for the excel-

lent appointments he made to the Federal Reserve Board and for the attitude of his administration during the recent crisis, I have come to have an increasing faith that what is not right will in time be made right. But, if wrong, it may be well to remember that more battles are won by men on the firing line than by men sulking in the sutler's tent.

THE CHAIRMAN: The next order of business, gentlemen, is the report of the Executive Committee, Mr. John H. Mason, Chairman. (Applause.)

Report of the Executive Committee, by John H. Mason, Chairman.

[The report of the Executive Committee will be found on page 148.]

THE CHAIRMAN: Gentlemen, what is your pleasure in regard to the report of the Executive Committee?

MR. DINKINS: I move that the report be filed.

THE CHAIRMAN: All those in favor of the motion, please signify by saying Aye; opposed, No.

Carried.

THE CHAIRMAN: Now, the report of the Secretary.

SECRETARY BABCOCK: The details of the financial statement are published in pamphlet form which you all have, so it is not necessary for me to report them. All bills paid to August 31. You will note there is a credit balance of \$660.77, which has been transferred back to the general funds of the Association.

Report of the Secretary, by Philip S. Babcock.

[The reader will find the Secretary's report on page 148 of this publication.]

On motion, duly made and seconded, the Secretary's Report was received and approved.

NOMINATING COMMITTEE APPOINTED TO SELECT MEMBERS OF EXECUTIVE COMMITTEE.

MR. JACKSON: I do not know whether it is in order or not; it is probably not, but as we have only this afternoon for this business session, I was wondering whether it would be a proper thing for me to offer the usual resolution for the appointment of a nominating committee by the chair at this time. Am I in order?

THE CHAIRMAN: It seems to me to be proper—it seems proper to the Chair.

MR. JACKSON: The resolution that we have had before is:

"Resolved, That a Nominating Committee of five be appointed by the Chair, which Committee shall receive names in writing from delegates present, and from said names the Nominating Committee shall select five persons as members of the Executive Committee for the term ending 1917, said Committee to report back to the Convention for its action."

I offer that resolution.

A MEMBER: These names to be reported back to the committee or convention?

MR. JACKSON: Back to the convention, I should say.

THE CHAIRMAN: My understanding is that we should have nominations, that nominations be made by members in attendance which will be placed by the Secretary in this box. In other words, names which will occur to you that will make desirable members of the committee. Other information will be furnished by the Secretary. For instance, the number of member banks in the different States and the residence of our present membership—geographical membership. Is there a second to Mr. Jackson's motion?

A MEMBER: Yes, sir, I second it.

THE CHAIRMAN: If there is no discussion, and the chair hears none, all those in favor of Mr. Jackson's motion, which has been duly seconded, please signify by saying Aye; opposed, No.

Carried.

THE CHAIRMAN: I will ask the Secretary to hand the slips to the members, upon which the members may indicate their preference. Following the receipt of these, perhaps an adjournment may be taken.

MR. FOYE: What is our representation now?

THE CHAIRMAN: Representation of fifteen; five for one year, five for two years, and five for three years.

MR. FOYE: From what Section?

THE SECRETARY: As I understand, Mr. Foye, we have a membership of 1,201. The largest membership is from Pennsylvania, 178; New Jersey has 96; New York 95, and Indiana and Texas each 45; Tennessee, 44—no, Massachusetts has 44; Mississippi, 41. The four largest States, Pennsylvania, New Jersey, New York, Massachusetts, then comes Indiana, Texas and Tennessee, and Mississippi running very close.

MR. MCCARTER: Would it be well to say what district the retiring members are from?

THE SECRETARY: The retiring members—the Constitution of the Association provides that no member can succeed himself for a year. The retiring members this year are Mr. Dinkins, of New Orleans; Mr. Hemphill, of New York; Mr. Smith, of Chicago; Mr. Kauffman, of Tacoma. He died during the year, and his place was not filled, waiting for one of the five to be elected at this time.

THE CHAIRMAN: We will now take a recess for five minutes, so that the Secretary may pass those slips out.
(Recess for five minutes.)

After recess:

THE CHAIRMAN: Gentlemen, I want to receive your criticisms and suggestions, if you have any. I will entertain any objections to the appointment of this Nominating Committee. Mr. Jackson, the Vice-President of the Girard Trust Company of Philadelphia; Mr. Platten, President of the U. S. Mortgage & Trust Company; Mr. Woodruff, Vice-President of the Savings Bank & Trust Company of Cleveland; Mr. Chamberlain, President, I believe, of the San Antonio Loan & Trust Company; Mr. Holliday, President of the Union Trust Company of Indianapolis. I would be glad to hear any objections.

MR. McCARTER: I move that it be approved.

MR. MASON: I second the motion.

THE CHAIRMAN: The appointment will stand, and I will ask the committee to retire now. You may gather up the ballots, please, Mr. Babcock.

THE CHAIRMAN: Gentlemen, when you get through with the caucus there, I will ask Mr. Cutler to read the report of the Legislative Committee.

Report of the Committee on Legislation.

[The report of the Committee on Legislation will be found on page 149.]

THE CHAIRMAN: What is your pleasure, gentlemen?

MR. HOLLIDAY: I move that it be received and filed.

THE CHAIRMAN: All those in favor of the motion, please signify by saying Aye; opposed, No.

Carried.

THE CHAIRMAN: I ask the Committee on Nominations to be kind enough to retire. Mr. Jackson, I think you were appointed Chairman of that Committee. I think you had better take these. Mr. Woodruff, Mr. Platten and Mr. Holliday.

The next is the report of the Committee on Protective Laws. Mr. Dinkins, Chairman.

MR. DINKINS: This is a report of the Protective Laws Committee of the American Bankers' Association, Trust Company Section.

Report of the Committee on Protective Laws.

[This report will be found on page 150.]

THE CHAIRMAN: Gentlemen, you but little know the amount of work devolving on the chairman of that committee. He has served as chairman of that committee ever since I have been connected with the Association, and I do not know but what he has served ever since the Association was organized. It is customary in passing on the report of this committee to tender a vote of thanks to the chairman. What is your pleasure in regard to this report?

A MEMBER: I move that a vote of thanks be tendered and that the report be filed.

THE CHAIRMAN: All those in favor of that, please signify by saying Aye; opposed, No.

Carried.

STANDARDIZATION OF TRUST COMPANIES.

THE CHAIRMAN: The next order of business is the report of the Special Committee on the Model Trust Company Law.

MR. FULLER: Mr. President and Gentlemen. This report, in one form or another has been in the hands of one committee or another for the past three years. I think it was first referred to a special committee, and after a year's work on this subject the committee asked to be discharged, and recommended that it be referred to the Legislative Committee. The Legislative Committee, I believe, worked on it for a year or two, and recommended that a sub-committee be appointed again to take up the work where they left off and complete it, and that special committee has, during the past year, had conferences and some correspondence, and the result is a report which, even in its present form, is not entirely satisfactory to the committee itself, although they have at last arrived at what they believe to be the basis, or they have agreed upon certain principles which they think should be incorporated in every Trust law in the land. Of course, those States which have trust company laws will not be affected necessarily by any recommendation that this committee might make or any suggestion that might be made through this report; but this is supposed to be for the benefit of such States as have no trust company laws, and in which it is contemplated to pass laws for the purpose of regulating trust companies, or in States in which the laws for trust companies are unsatisfactory and amendments are contemplated. The paper is a long one and more or less technical, and I would suggest, if it is agreeable to the President and to those present that, instead of reading it in detail, I may be permitted to give merely the captions with possibly the substance of the different clauses, and then submit it to you for such action as you wish to take.

THE CHAIRMAN: If you proceed in that way, outline it in the first instance, and if the Convention should desire to hear it in detail, you may proceed further.

MR. FULLER: Originally this was intended to be or designated as a proposed model trust company law. After several years of work on it by several committees, we have finally gotten away from that word "model." We have felt that such a thing is impossible, and the word is objectionable, and it is now called "Standard Uniform Provisions Suggested for Inclusion in Trust Company Laws of all States," the idea being to encourage the standardizing of Trust Company management, particularly as related to the handling of trust estates rather than as to the banking features of trust companies that do a banking business.

First, Capital. It is deemed necessary, important at least, that the capital of the Trust Company should be related somewhat to the size of the cities or community in which they do business. In the law proposed by Senator Aldrich, after much consideration of that subject not only by Senator Aldrich and the framers of that bill, but by a special committee appointed for the purpose, this paragraph was incorporated in the law, and is taken, I believe, bodily from it as it read: briefly, the capital stock of any Trust Company organized under the laws of this State in places having a population of 6,000 or less, shall be not less than \$50,000. In a city of more than 6,000 and not more than 50,000, shall be not less than one hundred thousand dollars; in a city of more than 50,000 and not more than 200,000, shall be not less than two hundred thousand dollars; and so on up to a city of more than 400,000, shall be not less than five hundred thousand dollars. No Trust Company shall create more than one class of stock, and its entire capital shall be paid in before it shall be authorized to begin to do business.

Supervision. Every Trust Company doing business in this State shall make to the Bank Commissioner not less than five reports each year, and following very much the lines laid down in the laws of the older States. There is nothing new in that paragraph.

Qualification of Directors. Every director must, during his whole term of service, be a citizen of the United States, and at least three-quarters of the directors must be residents of the State during their continuance in office. Every director must own and shall hold ten shares, at least, of the capital stock. Examinations by directors are provided for periodically, and reports to be made by them, according to the form prescribed by the Commissioner of Banking in the several States.

Deposits. Every Trust Company may receive deposits subject to check or to be repaid in such manner and on such terms and with or without interest, as may be agreed upon, provided that no Trust Company shall incur a total deposit liability in excess of ten times its capital, surplus, and undivided profits. That paragraph has caused more or less discussion and has been the subject of considerable thought. It is, merely suggested, but it is sound banking.

Restrictions on Loans. The total liabilities to any Trust Company of any person, corporation or firm for money borrowed, including in the liabilities of a firm the liabilities of the several members thereof, shall at no time exceed 10 per cent. of the amount of the capital stock of such Trust Company actually paid in and its surplus and undivided profits combined.

No Trust Company shall make any loan or discount upon the pledge of its own stock.

No Trust Company shall make any loan upon or discount any paper made, accepted, endorsed or guaranteed by any of its executive officers, or employees, or by any partnership of which any such officer or employee is a member.

No Trust Company shall permit any single director to become obligated to it to an amount exceeding ten per centum of its combined capital, surplus and undivided profits. That is a long paragraph. That is taken from the present law of many of the States, and which we are striving to procure in all the States through our very active Protection Laws Committee, whose report you have just heard.

Trust Funds Not to Be Mingled, etc. We get down now to that part of the law which we are most interested in, and that is the manner of handling trust funds and trust estates.

The next paragraph provides for annual statements and the form to be made.

The next is the investment of trust funds. Trust funds, unless it is otherwise provided in the instrument creating the trust, may be loaned in mortgages on unencumbered real estate in this State, worth double the amount loaned.

Respectfully submitted.

THE CHAIRMAN: Your suggestion is what with regard to the report, Mr. Fuller?

MR. FULLER: I suggest this report, if approved in principle by this meeting, of which I have given the substance, be referred again to the committee, which has given it a great deal of thought, for the purpose of perfecting. We are not entirely satisfied merely with the phraseology—we have arrived and agreed on all the provisions which I have outlined to you and contained in the report, but we would like to eliminate every unnecessary word and possibly improve the wording slightly, and therefore your committee is reluctant to hand this report in as complete without having dressed it up and finishing it to their entire satisfaction. I recommend that it be referred back to this committee with power, with, perhaps, being adopted by

this Convention, and if this Convention sees fit to so adopt them, with power to return it as the completed report at the next Convention—to complete it and submit it.

THE CHAIRMAN: Is there a second to the motion?

MR. DINKINS: I second it.

MR. FULLER: Before a vote is taken on the matter, I suggest you invite criticism made, accepted, endorsed or guaranteed by any of its executive officers or employees, or by any partnership of which any such officer or employee is a member.

MR. MCKEE: I would like to have the committee read that section which refers to the liability of officers and directors of the bank again.

THE CHAIRMAN: Mr. Fuller, please read that section referring to the liability of directors.

MR. FULLER: No Trust Company shall make any loan or discount any paper made, accepted, endorsed or guaranteed by any of its executive officers or employees, or by any partnership of which any such officer or employee is a member.

You will observe that the directors are not included in there. I suggest myself that the word "salaried" be added. And that is the intent of the paragraph.

MR. EDMONDS: Mr. Chairman, I understand from Mr. Fuller the investment of trust funds on mortgages is limited to the State in which the trust company is established. Is that correct?

MR. FULLER: That is the way it now reads.

MR. EDMONDS: That might prove inconvenient in the case of a company doing business in a town near the border of two States.

MR. FULLER: The committee is aware of that possible inconvenience in some such case, but it believes this is a safe principle to start with, at any rate, and any particular State or locality where it might be necessary could vary any of the principles laid down in here on account of the existence of special circumstances. It is merely proposed here to lay down something which the committee considers sound banking, not with the intention that every State should adopt it in toto or adopt every word of it. That is the idea. Does that answer you?

MR. EDMONDS: Yes, sir.

MR. GRAHAM: I was just going to ask about that provision, to the effect that no director shall be entitled to a loan of more than 10 per cent. Is there any provision there in regard to the aggregate loans to directors under the law? In Pennsylvania there is a limit to that.

THE CHAIRMAN: My recollection is that it was 20 per cent.

MR. FULLER: No, I think we struck that out. No trust company shall permit any single director to become obligated to it to an amount exceeding 10 per cent. of the amount of the capital stock of such trust company actually paid in, and its surplus and undivided profits combined at any one time.

THE CHAIRMAN: It may not be that a higher standard obtains in the various States, but we want to get a start.

REPORT OF COMMITTEE ON STANDARD TRUST COMPANY LAW RECOMMITTED.

MR. HOPKINS: I should like to know whether this report will be in the form that it can be used in the coming year during the legislative session. I ask that question, because, in our State, there is likely to be an effort made to reduce the standard which we have set up in that State for the governing of trust companies, and it would be of material assistance to us who are before the legislative committees to have an authoritative statement of the best sense of this Section.

THE CHAIRMAN: The very purpose of Mr. Fuller's motion is that the matter be referred to the Executive Committee, so that it may be used by the Protective Laws Committee during the coming year. Immediate consideration may be given with finally adding to it of any suggestions that may be made, and then complete it. You have the sanction of the body itself. It is referred to the committee—Special Committee—continuing that committee with power to complete it.

MR. FULLER: It has been suggested that the committee would complete it at as early a date as possible, and have it printed and copies sent to the membership.

THE CHAIRMAN: Are you ready for the motion? All those in favor of the recommitment of the report to the committee and continuing the power of the committee, all those in favor of that action by this Convention, please signify by saying Aye; opposed, No.

Carried.

ROLL CALL OF STATES.

THE CHAIRMAN: The next order of business on the programme is the roll call of the States to be made by the Secretary, and to be answered by the vice-presidents of the Sections in brief written reports dealing with the history of the trust companies in the several States during the preceding year, and with the conditions under which they are now operating, and other matters of interest now pertaining to them.

We had hoped the vice-presidents in attendance would be accorded generously the time of this meeting to make reports and addresses with regard to conditions obtaining in their territory, but it is now nearly 4 o'clock P. M., and we have our

election of officers, and we will be glad to accord, I am sure, notwithstanding the lateness of the hour, the time for the vice-presidents to make brief remarks and submit brief reports. Otherwise, the reports may be handed in to the Secretary, and they will be included or incorporated in the printed proceedings.

SECRETARY BABCOCK: Mr. Chairman, if the reports are not handed in at this time, or the vice-presidents have not written them, any time within the next three weeks will do, and will enable me to get them in the printed proceedings. Any time in the next thirty days the vice-presidents may hand in their reports, if they have not them ready to-day, and they may be sent to the New York office, at which time they can be printed.

The Secretary called the roll of States to be answered by the vice-presidents of the Section, and the following vice-presidents responded for their respective States: Kentucky—Mr. Stites, President of the Louisville Trust Company.

KENTUCKY.

TO THE TRUST COMPANY SECTION OF THE AMERICAN BANKERS' ASSOCIATION.

GENTLEMEN: As Vice-President of the Trust Company Section for the State of Kentucky, I have the honor to report that banking conditions and the underlying conditions of the country were good, but there was almost an unnatural demand for money that could not be supplied, and a general tendency of securities of all kinds to decline in value, caused—evidently in part caused by the approach of the war in Europe, which no doubt a number of persons high in authority had cause to expect in the then near future.

Rates of interest have been steady and satisfactory. Crop conditions at the beginning of the year were in the highest degree good—the wheat crop being large and excellent in quality. Then followed a severe drought, seriously injuring most of the early crops—especially early corn and potatoes—but the later rains brought out the later crops wonderfully. We have had a fair average crop of corn, oats and hay; an excellent crop of all the late fruits and vegetables and with probably the best tobacco crop in quality ever raised in the State of Kentucky.

With the cessation of political activity at Washington and a settlement of European war trouble, this country is in a position to expect a fine business next year.

In legislative matters we had an active session during the year of our Legislature and an eminently satisfactory one to financial interests.

The bill recommended by the American Bankers' Association to punish persons making false and dangerous statements affecting financial institutions was passed and is now the law of Kentucky.

For many years Kentucky bankers have labored under the injustice of a grossly unfair Materialmen's and Mechanics' Lien Law, by which payment of money loaned to railroads and manufacturing establishments was postponed until every other obligation was paid. This law has been abolished and preferences, except for manual labor performed, have been done away with.

An excellent bill was passed making the issuing of a check where there were no funds to meet it a misdemeanor and punishing the offender by fine and imprisonment; also a bill making it a felony to publish a false statement on which credit was obtained, both to the individual and to the official of a corporation authorizing same. Besides this, an Enabling Act was passed authorizing State banks and Trust Companies to become members of the Federal Reserve system, and to subscribe for and be holders of stock therein; also making the requirements for the legal reserve the same in State as in National banks.

A most objectionable bill was introduced into the State Senate creating a "State Guarantee of Deposits," along the lines of the most drastic of those which have been adopted in some of the Western States. We succeeded in defeating this.

There was also defeated in committee a bill prohibiting a Notary Public who was an employee of a bank or Trust Company from taking the acknowledgments of its officers to official papers.

A bill was also defeated creating a system of "Rural Credit Banks," which contained no restrictions as to the conduct of its business, permitting capitalization as low as \$2,000.00. Its tendency would have been to have brought all kinds of banking business into disrepute.

In addition to this, an attempt to amend the Revenue Laws in a way that would have been very unjust and unfair to financial institutions, was defeated.

Altogether, the financial institutions of Kentucky received from the Kentucky Legislature this year absolutely fair and just treatment.

Respectfully,

JOHN STITES.

Illinois.—Lucius Teter, Vice-President from Illinois of Trust Company Section.

ILLINOIS.

TO THE MEMBERS, TRUST COMPANY SECTION, AMERICAN BANKERS' ASSOCIATION.

GENTLEMEN:

The Legislature of Illinois has not met since our last Convention, consequently there have been no changes in our laws in that period.

The only decision handed down by our courts of particular importance to Trust Companies was in the case of Chicago Title & Trust Company vs. Zinsner, where the question involved was whether or not the consolidation of Trust Companies into a new corporation affected the powers donated to the constituent companies. It was contended in the case that powers in trust were personal and confidential, and that the same could not be transferred to a new corporation, even by way of consolidation; but our Supreme Court held otherwise, and the law is now settled that the consolidation of Trust Companies, even though the effect be to form a new corporation, does not destroy previous powers vested in the constituent companies.

Prior to preparing this report, I corresponded with representative Trust Companies in all sections of the State, and find that the Trust Company business is growing in all sections. In the smaller cities

and towns the growth is somewhat slower than in the larger communities, but definite progress was reported in every quarter.

In our State most all of the Trust Companies also do a banking business, and the reports reflect substantial business conditions in the several communities.

So far as we have been advised, only one important trust company in Illinois has indicated an intention of joining the Federal Reserve Association.

The question of the propriety of Trust Companies advertising to draw wills free of charge, which question was discussed so ably before our Convention in New Orleans by Mr. Marquis Eaton, of the Chicago Companies—I believe that no Trust Company in Chicago is now advertising to draw wills free of charge, although no definite policy as to the drawing of wills seems to have been generally adopted.

My impression is that this subject is one which should receive attention through joint conference of lawyers and Trust Companies in the small communities and by representatives of Bar Associations and Trust Companies in the larger cities. A complete working understanding should be had with respect to this question, which is of so much importance to all parties concerned.

Respectfully submitted,

(Signed) LUCIUS TETER,

Vice President for Illinois Trust Company Section, American Bankers' Association.

Michigan.—C. O. Patch, Vice-President of Trust Company Section for State of Michigan.

MICHIGAN.

RICHMOND, VA., October 13, 1914.

Mr. F. H. Goff,

President Trust Company Section, American Bankers' Association.

Dear Sir:

The six Trust Companies of Michigan have had a good year thus far, notwithstanding conditions existing during the past month or so. As the laws of the State do not permit the Trust Companies to transact a banking business, any important increase or decrease in business is not reflected in the deposits shown in their respective published statements.

They have no savings accounts, no checking accounts, no demand money. Such deposits as they are permitted to receive are evidenced by Time Certificates of Deposit. Add to these the cash balances in corporate and personal trust accounts and you have the Companies' total deposits.

During the year all of these have decreased less than \$500,000.00, while surplus and undivided profits, after payment of regular dividends, have increased in round figures \$490,000.00, the total capitalization of the Companies being \$3,150,000.00.

This showing is due largely to increase in corporate and personal or estate trust business. The courts and the people of Michigan are realizing to a greater extent than ever before the advantages that result from the appointment or employment of a corporate trustee.

There has been no change in the laws governing the Trust Companies of the State, as the legislature has not convened during the year.

Respectfully submitted,

C. O. PATCH, Vice-President,
State of Michigan.

MISSOURI.

MR. JAMES M. BROCK, SECRETARY, MISSISSIPPI VALLEY TRUST COMPANY, ST. LOUIS.

As Vice-President of the Trust Company Section of the American Bankers' Association for the State of Missouri, I have the honor to report concerning the history of the Trust Companies in my State during the preceding year, the conditions under which they are now operating, and other matters of interest now pertaining to them.

During the past year, six Trust Companies have been organized, with capital stock aggregating \$1,525,000; one with a capital of \$100,000 has voluntarily liquidated; one with a capital of \$50,000 has been placed in the hands of a receiver and its affairs are still in an unsettled condition, and another one, Trust Company only by name, not receiving deposits nor transacting a general Trust Company business, has just been placed in the hands of a receiver and is really the only one that has been a source of any special trouble.

At the annual convention of the Missouri Bankers' Association held at St. Louis in May, a special committee of seven representatives of State Banks and Trust Companies, to be known as the "Commission on Banking," was appointed to consider and report on (1) various amendments made desirable to our State laws on account of the Federal Reserve Act, (2) a bill authorizing a rural credit or land bank, and (3) a general revision and harmonizing of the laws of this State relating to banking. This Commission to make report to the Governor of the State before the convening of the Legislature in biennial session next January.

The last official call by the Bank Commissioner shows that there are sixty-three Trust Companies in Missouri, with resources aggregating \$177,216,613.34, total capital stock of \$20,723,000.00, surplus of \$17,739,643.30, net undivided profits of \$5,391,945.52, and total deposits of \$130,509,379.55, of which \$38,829,701.38 are savings deposits. I can, with confidence, report that, in addition to this splendid showing, the Trust Companies in Missouri were never in a stronger or more satisfactory condition than they are to-day, although the United States, in general, is at this moment embarrassed by serious financial and commercial conditions for which it is not in itself to blame.

Due largely to the education of the people, there is a gradual growth of the usefulness and adaptability of the Trust Companies over individuals, in acting in all fiduciary relations.

In conclusion, I may say that the healthy condition of the Trust Companies only reflects the general prosperous situation in the great commonwealth which I have the honor and pleasure to represent.

Missouri, "the land of opportunity," sends greetings and wishes you success in your undertakings.

Vermont.—William W. Russell, Vice-President of the Trust Company Section for the State of Vermont.

VERMONT.

REPORT TO TRUST COMPANY SECTION, A. B. A.

MR. PRESIDENT AND GENTLEMEN: The Trust Companies of Vermont are largely performing the functions of commercial and savings banks, and their trust functions have not yet been developed to so large an extent as in many other States. There is a steady increase in the number and amount of trusts administered by these corporations, but their principal field is still that of banking.

As to the deposits carried, the savings is much the larger class, being about ten times the commercial deposits. The 4 per cent. rate is practically universal on savings deposits, and tax of seven-tenths of 1 per cent. is paid to the State on the average deposit (both commercial and saving), no deduction being allowed. A feature which seems unjust to the Savings Banks and Trust Companies is that charitable, educational and religious funds, which, in the hands of the institutions owning them, are exempt from taxation, become taxable the moment they pass into the hands of a Trust Company, either as a deposit or for administration as a trust.

Some of the Trust Companies are called "Savings Banks and Trust Companies," and the permitted investments are all practically those legal for mutual Savings Banks. Depositors are well safeguarded, as capital and surplus are required to equal at least 10 per cent. of deposits, and the stockholders are liable to assessment for an amount equal to their paid-in stock.

A few companies are operated in connection with National Banks, the principal object of the dual organization probably being the facilities afforded for loaning on real estate.

The membership of the Vermont Bankers' Association is almost equally divided between State and National Banks, there being forty-two of the latter, and of the forty-one State Banks, twenty-eight are stock Savings Banks and Trust Companies and thirteen are mutual Savings Banks.

Business conditions in Vermont are subject to comparatively little fluctuations. The growth of savings deposits is steady and withdrawals this fall have not been, as a rule, abnormal, according to the best information I have been able to obtain.

Respectfully submitted,

WM. W. RUSSELL,

Vice-President for Vermont.

REPORT OF HERBERT W. JACKSON, VICE-PRESIDENT FOR VIRGINIA.

VIRGINIA.

On behalf of the State which has the honor of entertaining this great Convention, I report that Virginia is waking up to the fact that fertile fields are around about us for the Trust Companies.

For example, in Richmond a year or two ago the amount of capital and surplus of the Trust Companies here was \$700,000.00; to-day the amount is \$5,000,000.

There are twenty-three Trust Companies in the State, but of these not half a dozen are making a feature of Trust Business. The others are simply banking institutions.

The citizens of this Commonwealth are an ultra-conservative people, and have been shown to recognize the superior advantages offered by the Trust Company over the individual acting as Executor, Trustee, etc.

Richmond, being the capital and largest city of the State, has set the pace in the endeavor to educate the public along these lines, and we expect to see Norfolk, Lynchburg and other large cities wake up and follow suit by establishing these institutions whose chief business shall be along strictly fiduciary lines.

In the matter of educating the public to make use of the services of the Trust Companies instead of individuals as Executor, Trustee and Guardian, I desire to commend in the strongest terms the work being done by the publicity department of the Trust Company Section. These articles, which have been written by some unknown expert, cannot be too highly commended.

The purpose of the Committee in furnishing this valuable ammunition to the Trust Companies throughout the country is for the companies in the various cities to have the local papers reproduce these articles. They are written in a convincing style—they arrest the attention of intelligent men, and in my opinion, when thus used, will bring untold benefit to our cause.

In some cities where the newspapers charge regular advertising rates to run the articles, the local Trust Companies have shared the cost. In other cities the papers have made no charge, on the theory that the Trust Companies are large advertisers, that their business is beneficial, and helps them to help the community.

One of our Richmond morning papers takes this ground and has run a number of these articles, and I am confident the local institutions have derived much benefit.

In closing, I again commend the use of these articles in the manner suggested. It means dollars added to profit and loss account to every Trust Company in every community which embraces the opportunity to educate the people in this important matter.

Respectfully,

H. W. JACKSON,

President Virginia Trust Co., Richmond, Va.

Nebraska.—R. C. Peters, Vice-President of the Trust Company Section for the State of Nebraska.

NEBRASKA.

Since the report of last year we have not had a meeting of our Legislature, so there has been no change in our Trust Company laws. Our Legislature meets this coming winter, but as yet I know of no contemplated changes in legislation affecting us. We are not permitted to do any banking. Our laws confine us to Trust Company business alone. In this respect, as I reported last year, we have very complete and conservative laws.

Would state that since we had the Trust Company laws passed in 1911 there has been a slow and steady growth in the Trust Company business. The people are being educated to place their estates with Trust Companies. This is a matter of education and necessarily of slow growth, but the increase in the business is quite satisfactory.

It may be of interest to report crop conditions in our State this

year. Our corn crop is about 82 per cent. of the normal crop and the yield is estimated at 150,235,060 bushels. The wheat crop is 142 per cent. of the normal and is estimated at 69,732,953 bushels. The crop of oats is about 130 per cent. of the normal yield and is estimated at about 71,413,531 bushels. Our alfalfa is quite a crop in this State and is estimated at 136 per cent. of the normal crop. Making these figures more concrete and taking all of our crops in this State, the value is estimated at \$279,702,811. The value of all the crops for this year exceeds a normal crop by \$57,751,395. This gives about \$50 extra above normal to each inhabitant of this portion of the Great American Desert, to help Eastern manufacturers dispense with the foreign market.

Washington.—James C. Cunningham presented his report for Washington.

PRESIDENT AND VICE-PRESIDENT TO REPRESENT THE SECTION ON EXECUTIVE COUNCIL OF A. B. A.

MR. POILLON: There is one matter I would like to suggest. The new Constitution of the American Bankers' Association which was adopted by the Convention a year ago and since our last annual Convention, provides that the Executive Council shall be made up in a certain manner and includes the presidents of the Section, ex-officio, and any Section having more than 1,000 members may elect one additional official as a member of the Executive Council, ex-officio. I do not find by reference to our by-laws that we have made any provision in our by-laws for that classification of the members of this Section as to who shall be on the Executive Council. A year ago our meeting was held prior to the meeting of the Annual Convention, and it was at that Convention that the Constitution was adopted. I have looked up the proceedings and I find in advance of the adoption of the new Constitution, without knowing then what the requirement would be, the following resolution was adopted a year ago: *Resolved*, That it is the sense of this meeting that the new Chairman of the Executive Committee be the nominee of this Convention to represent the Trust Company Section as the second officer on the Executive Council of the American Bankers' Association under the revised Constitution.

That resolution was adopted by our meeting. Now, I would like to move as an addition to our by-laws the following: That the President and the First Vice-President of this Section shall represent this Section in the Executive Council of the Association.

My reason for changing the second member of the Council is, that the work of the First Vice-President of the Section, unless during the absence or disability or inability of the President, is absolutely nothing; he is almost out of touch with the affairs of the Section, except as a member of the committee. It is upon the Council that I am satisfied he can do the best work. When a member of the Council is only a member a year, his work is almost nothing, although he has some voice; there are perhaps only about two meetings which he attends. It is not until the second or third years of his membership on the Council that he feels disposed to take much part in the affairs or deliberations of the Council. I feel it would be a wise thing for this Section to change our representative on the Council. We are now about to elect a new member, or, rather, a new Chairman for our Executive Committee, and, of course, no one knows who that will be, so that there is nothing personal in what I have stated.

THE CHAIRMAN: You move the amendment?

MR. POILLON: I move that addition to the by-laws.

THE CHAIRMAN: What Section?

MR. POILLON: No section; in its proper place.

THE CHAIRMAN: Then, as I understand it, the president and vice-president shall represent the Section in the Council?

MR. MASON: I think Mr. Poillon's suggestion has quite a lot of force in it. I happen to have been the chairman on the Council this year, but I must confess that I feel the man who happens to become the chairman this year will have the same work that most of us have had, which of course is very light, and I think he ought to be in closer touch with the whole Association than the vice president. It seems to me that the vice president is always a sort of—well, they are just there because you cannot help it; it is so in everything; and I must confess the hardest work done in the Trust Company Section is done by—I don't mean to seem personal in any way—the hardest work is done by the chairman of the Executive Committee, and I want to put that over with emphasis, and I think the closer touch that is had on the Council of the American Bankers Association the better it is for him and the better for the Section, and I hope this meeting will let it stand as it has been during the past year and the incoming chairman of the Executive Committee will have the privilege of that additional labor.

MR. STITES: I second the motion.

MR. FULLER: I agree with Mr. Mason on his motion in these by-laws, and I do not agree altogether with Mr. Poillon; and I think this matter was discussed at the time. My recollection is that we selected the president and the chairman of the Executive Committee rather than the president and the vice president, for the reason that we thought the vice president, in the absence of the president, might be permitted to represent him, and it would give us two members, and for the additional rea-

son that, as Mr. Mason has stated of him, would bring him in closer touch. I am not entirely in accord with Mr. Poillon.

THE CHAIRMAN: Do I understand you to suggest the amendment designating the president and the chairman?

MR. FULLER: Yes.

MR. MASON: I second that motion.

THE CHAIRMAN: The question comes on the adoption of the amendment proposing the president and the chairman as members to represent the Section on the Executive Council. All those in favor, please signify by saying Aye; opposed, No.

The amendment is lost.

Now, are there any remarks on the original motion? As many as are in favor providing for the president and the vice president to represent the Section on the Executive Council, please signify by saying Aye; opposed, No.

Carried.

VOTE OF THANKS TO RICHMOND.

THE CHAIRMAN: I would suggest that some one voice a vote of thanks to the bankers of Richmond for their gracious courtesies to us while here.

MR. TETER: I move that the Secretary or the Chairman of this meeting extend a vote of thanks to Richmond for their hospitality at the time of this Convention.

THE CHAIRMAN: All those in favor of the motion, please signify by saying Aye; opposed, No.

Carried.

COMMITTEE TO SECURE MODIFICATION OF FEDERAL RESERVE ACT.

THE CHAIRMAN: At the Joint Meeting, this morning, it was moved and carried that a committee of twelve be appointed to confer with the Federal Reserve Board and the committees of Congress with respect to securing modifications to the Federal Reserve Act, making more acceptable the accepting of membership in the Federal Reserve Association by State Banks and Trust Companies. It was suggested that the committee be constituted as follows: Three to be appointed by the Trust Company Section, three by the Savings Bank Section, six by the General Association, three to represent the National Banks and three the State Banks. What is your pleasure with regard to the recommendation of the Joint Meeting?

MR. MASON: Mr. Goff, may I ask you one or two questions. As I understand it that was the sense of that meeting, and, if we appoint a committee, it seems to me this Section should pass a resolution appointing such a committee by authorizing the president to do so. Personally, I am not in accord with this thing. I believe that we can have proper amendments made to the Federal Reserve Act so that the Trust Companies will find it to their advantage to go into it. I think it can be better gotten by a committee from the Trust Company Section instead of these joint committees, and therefore I feel that if this thing was referred to your Executive Committee, they could appoint any special committee if they wish or not; and perhaps that committee could appear at Washington, and from their particular point of view, I think we could have a great deal more influence and do a great deal more for our banks than by having a committee of twelve. As I understand it, that was merely a recommendation that this Section should consider that matter. As I see it, the meeting this morning had no legislative status at all. Of course, if this Section thinks that it is better to do it that way, all right.

THE CHAIRMAN: Of course, that was not binding on us at all.

MR. MASON: I think they would get more in this method than the one suggested at the meeting this morning.

MR. FULLER: Mr. Chairman, I believe that we would make better progress if this Section should select a committee—as Mr. Mason has suggested, the Executive Committee is a very large committee—I think it would be better to have a selected committee of five or seven, with power to appoint in case of the organization of such a committee from several Sections, as has been suggested, a sub-committee of that committee of three to represent the Trust Section on any such joint committee. My suggestion is, and I move that a sub-committee of—before making the motion, my idea is a committee of three is too small to represent the various elements. My idea is to have men from different parts of the country so that we would have an abundance of opinion rather than to depend on a committee so small as three in number. My idea is to cover this subject by appointing a committee of seven or five—not to exceed seven—by the president of our Section, with power to appoint a sub-committee.

MR. McCARTER: I am opposed to the whole business. I voted for that resolution this morning in order that the final action of the Section might be postponed at least one year. I do not believe any five, seven or anyone or any committee of the whole are in a position to know what they want at the present time. I am not very much in favor of a committee taking any action whatever at the present time. Let us see how we get along, how the new act works.

MR. FOYE: I move the matter be laid on the table.

MR. CHAMBERLAIN: I believe we have acted with the Savings Bank Section, and it seems to me they ought to be promptly

notified at once here of the action of this Section. I believe you are treating the Savings Bank Section unjustly if you do not advise them at once.

MR. MASON: Mr. Goff, I don't agree with Mr. McCarter at all on this thing.

THE CHAIRMAN: The matter comes up on a motion of Mr. Fuller. He moved the appointment of a committee of five to confer with the Federal Reserve Board and maybe with committees of Congress, to secure amendments, if possible, to the Federal Reserve Act, making more acceptable the acceptance of membership in the Federal Reserve Association by State Banks and Trust Companies. That committee, if I understand Mr. Fuller's motion, is to have power to designate three to co-operate with committees to be appointed in the manner provided for their benefit.

MR. MASON: I thought it was a committee not to exceed seven?

THE CHAIRMAN: Yes.

MR. MASON: I would like to offer an amendment to that—namely, that the matter be referred to the incoming Executive Committee of the Trust Company Section.

A MEMBER: I second the motion.

THE CHAIRMAN: Are you ready for the question? All those in favor of the motion, please signify by saying Aye; opposed, No.

Carried.

MR. FOYE: Should we not notify the Savings Bank Section?

THE CHAIRMAN: I don't know whether we will be in a position to advise them of the action of the Executive Committee.

MR. FOYE: I think we ought to advise the chairman of the Executive Committee.

NOMINATIONS AND ELECTIONS.

THE CHAIRMAN: Is the Committee on Nominations ready to report?

MR. JACKSON: Your committee, after very lengthy and careful consideration, reports the following names for submission to the Convention:

R. L. Rutter, Vice-President of the Spokane & Eastern Trust Company, Spokane, Wash.

Ernest Woodruff, President of the Trust Company of Georgia, Atlanta, Ga.

H. W. Jackson, President of the Virginia Trust Company, of Richmond, Va.

Lucius Teter, President of the Savings Bank & Trust Company of Chicago, Chicago, Ill.

And overriding his objections because of a sense of embarrassment in having his name reported to the Convention, in deference to the wishes of the people who vote, John H. Holliday, President of the Union Trust Company, of Indianapolis, Ind.

THE CHAIRMAN: What is your pleasure, gentlemen?

MR. DINKINS: I move the Secretary be instructed to cast a ballot for those five names for members of the Executive Council next year.

THE CHAIRMAN: Are you ready for the question? All those in favor, please signify by saying Aye; opposed, No.

Carried.

MR. FULLER: I desire to place in nomination for President one of our oldest members in point of service and a most efficient man, who has served on almost every committee we have had, and served faithfully and well; one of our youngest members in point of youth, virility, and mind and body, and a man who would be an honor to the Section, and who, I am sure, would advance its cause in every way possible as the presiding officer. I refer to Mr. Ralph W. Cutler, whom you all know.

THE CHAIRMAN: Is there any objection to having the ballots cast? I instruct the Secretary to cast the ballot for Mr. Cutler.

THE CHAIRMAN: All those in favor, please signify by saying Aye; opposed, No.

Carried.

THE SECRETARY: The Secretary reports that the ballot has been cast.

Mr. Cutler at this point was escorted to the Chair, taking his seat as President.

MR. GOFF: Mr. Cutler, one year ago I had the honor of inducting you to the office of Vice-President. It is a greater honor to induct you into the office of President and confer upon you the insignia of your office. You are, as Mr. Fuller has said, a veteran in the service; you have merited the promotion and the honor that comes to you. I bespeak for you the same cordial support that has been given me during my administration.

PRESIDENT CUTLER: Mr. President, and Members of the Trust Company Section: I thank you most sincerely for the honors you have now conferred upon me, but, in order to make my administration a success I shall have to call for your cordial co-operation. This you have always given me in the past, and I am sure you won't fail me in the future in order to make my administration a success, which I hope it will be.

Mr. Secretary, the next business is the election of Vice-President.

MR. MASON: I have been on my feet quite frequently to-

day. A little while ago I received a most chilling reception on the part of this audience assembled here, and therefore it is my turn to do something that everybody will heartily approve of. I want to say that Mr. Goff, who has just gone out of the Presidency, that you owe him an obligation; you owe him a debt that you never can pay; in season and out of season he has been thinking of your interests all the time; working hard, getting old in the service and rendering service, I believe, that has equaled any President's services to this Section, and I for one take great pleasure in having the privilege of presenting to you just a little cup, a loving cup of the size that you always can drink out of. God bless you and keep you, and Mrs. Goff, too.

MR. GOFF: Mr. Mason, I cannot help but be deeply touched by what you have said. I am doubly grateful for the beautiful gift you have made. It will be a lasting remembrance with the lengthening of the shadows and of the pleasant and agreeable times I have had in my association with you, and I hope of the lasting friendships I have made.

MR. JACKSON: Mr. President, is it in order for me to make a motion for the election of the office of First Vice-President?

PRESIDENT CUTLER: Yes.

MR. JACKSON: I would like to offer for that office a man who has been conducting affairs in his sphere of this Association, one who is most able. Some one has said to-day that the Executive Committee, some of them, had complained that they had not enough to do. I may say that he complained that he did not have enough to do, but I think he had more than enough to do, and he did it well. On the shoulders of the chairman of the Executive Committee falls a great deal of the work for the year. He has discharged that, and you have heard his eloquence so that you know he still has a voice. I am seriously speaking, however, and I want to offer the name of Mr. John H. Mason, your present chairman of the Executive Committee, for the office of First Vice-President of the Association.

MR. DINKINS: I second the nomination, and move that the nominations be closed.

PRESIDENT CUTLER: Those in favor, please signify by saying Aye; opposed, No.

So ordered.

MR. DINKINS: I want to say that I have been a member of this Section ever since its organization, and I think Mr. Mason has made one of the most efficient chairmen of the Executive Committee that we have ever had. He is not as handsome as Mr. Jackson, but in every other respect he is his equal.

PRESIDENT CUTLER: The Secretary is instructed to cast a ballot for Mr. John H. Mason for the office of Vice-President—for the office of First Vice-President.

THE SECRETARY: I beg to report that the Secretary has cast the ballot for Mr. John H. Mason for First Vice-President, as instructed.

PRESIDENT CUTLER: And I am happy to declare Mr. Mason elected. Now, will Mr. Dinkins and Mr. Jackson escort Mr. Mason to the Chair?

Mr. Dinkins and Mr. Jackson escorted Mr. Mason to the Chair accordingly.

PRESIDENT CUTLER: Mr. Mason, it gives me a great deal of pleasure to pin that badge on your coat (pinning badge on Mr. Mason's coat). You have earned promotion.

MR. MASON: Here I am again. I want to thank you all for letting Mr. Cutler pin this police badge on my lapel. (Laughter.) I am quite sure that you all fully realize that there is nothing pre-arranged here. This thing is all spontaneous. (Laughter.) It was on the spur of the moment. Mr. Jackson nominated me, and he is one of my keen competitors in Philadelphia, and I suppose that means I must not take any of his business any more. I thank you very much.

THE SECRETARY: The next order of business is where no Vice-President has been named by the Association, the election is left to the Executive Committee, who are always called upon to receive suggestions from those present.

Now, the States have made their nominations to the State Committee, and any other suggestions will be received here by the Executive Committee and acted upon.

PRESIDENT CUTLER: Will you allow the Executive Committee, as usual, to fill any vacancies that may occur in the list of Vice-Presidents? I hear no objection, so that course will be adopted.

MR. CUNNINGHAM: I move that a resolution be offered to the family of our old-time friend and officer of this Association, Mr. Kauffman. I move you, sir, that a resolution be adopted and the Secretary be instructed to transmit the same to his family.

MR. McCARTER: That has already been attended to by the Executive Committee.

PRESIDENT CUTLER: Gentlemen, all in favor of the motion, please signify by saying Aye; opposed, No.

Carried.

PRESIDENT CUTLER: There being no further business, on motion, the meeting will adjourn.

MR. McCARTER: I move that the meeting be declared adjourned.

MR. CHAMBERLAIN: I second the motion.

PRESIDENT CUTLER: The meeting stands adjourned.

SAVINGS BANK SECTION

AMERICAN BANKERS' ASSOCIATION

Thirteenth Annual Meeting, Held in Richmond, Va., October 13, 1914

INDEX TO SAVINGS BANK PROCEEDINGS

Savings Bank Bonds, A. M. Harris - - -	Page 164	Report of Membership Committee - - -	Page 174
N. Y. Savings Bank Amendments, E. C. McDougal	Page 169	Report of Law Committee - - -	Page 174
Report of Executive Committee - - -	Page 173	Report of Committee on Postal Savings Banks	Page 175
Report of Committee on Methods and Systems -	Page 173	Detailed Proceedings - - -	Page 176
Report of Secretary - - -	Page 173	Address of President Sartor - - -	Page 176

Savings Bank Bonds in the Light of Recent Developments.

By ARTHUR M. HARRIS, of Harris, Forbes & Co., New York City.

The subject which it has been suggested that I discuss with you to-day is "Savings Bank Bonds in the Light of Recent Developments." That it is not in the dark of recent developments is my conviction; for I am sure you gentlemen share with me the knowledge that to allow a temporary and present unfortunate state of affairs to exert a dominant effect upon one's judgment of the past or of the future is as bad for one's disposition as for one's pocket. A present calamity is always the worst that has ever happened. Look back through history and you will find it so. It seems to me that most of us have paid too much attention to the obvious and apparent things in regard to the European war. We all know that a large amount of fixed capital is being destroyed, and it is natural to assume that this inevitably means generally higher rates of interest for money. It is at least doubtful, however, if the obvious conclusions which are being drawn are 100 per cent. true, and, in fact, if some of these conclusions are even correct to any considerable extent.

Few realize, for instance, what a wave of economy is sweeping over this country, and the effect it may have on the amount of new available investment capital. It is unquestionably true that never before in the history of this country has there been such a widespread movement of economy, which extends not only to personal expenditures, but also to the expenditures of corporations and business houses generally. Following the panic of 1893 there ensued a general movement of economy. This economy, however, differed radically from that which we are witnessing at the present time. The panic of 1893 was followed by general industrial prostration and a large percentage of unemployed in every line of industry. Still, the economy of that period resulted within a few years in the greatest accumulation of investment capital we have ever seen, and a general upward movement of the prices of securities, which continued uninterruptedly for nearly ten years.

The economic and industrial conditions at the present time are not to be compared with those following the panic of 1893. Aside from certain industries and busi-

nesses which have been especially affected there is employment throughout the country. The wave of economy, therefore, means a much more enormous and rapid accumulation of capital than ever occurred before.

The economic losses resulting from wars are usually exaggerated, as shown by the industrial conditions which exist when peace is restored. It is estimated that the European war is costing as high as \$50,000,000 a day. This is, of course, a huge sum. But you must remember that you are dealing with huge figures all around. The population of the nations directly engaged in the European war is over 300,000,000. An average saving of only 16 cents a day for this number of persons would amount to over \$50,000,000 a day. It should also be remembered that the destruction of battleships, forts, gunpowder, etc., is not a new loss of capital. This was paid for before the war started, and the loss of capital occurred when these articles of war were constructed and manufactured during times of peace. In fact, the great losses of capital and economic wastes occur during times of prosperity, whereas capital is accumulated during periods of depression. Certainly never before in the history of this country has there been such a wave of economy. With a population of 100,000,000 in this country, it would require only a relatively small reduction in wasteful expenditures for us to accumulate a saving amounting to hundreds of millions of dollars a month.

This wave of economy which is sweeping over the country is of the greatest importance to you. It means that persons who have never previously been in the habit of saving will begin opening savings accounts, and that others who already have savings accounts will increase the size of these accounts. If this result occurs it will mean that you will not be called upon to sacrifice your holdings of high-grade investments at the present depressed prices. In other words, you will not be called upon to suffer any actual losses in your investments, but will be able to continue to hold these bonds until they mature, when you will receive in payment their par value, or just what you expected when you purchased them.

In addition to the wave of economy there is the wonderful outburst of individual enterprise that invariably follows a war. Explain it in whatever way you please, it is, nevertheless, a fact that the greatest enterprise, the greatest energy, the greatest ingenuity, invariably immediately follow a great war. It is this combination of conditions which probably explain the rapidity from which people often recover from the devastating effects of a war. Gentlemen, the world moves by tides, not by waves—fierce as the latter may seem as they strike one. And according to the tides should one's judgments be made. I am sure that no one familiar with the sound industrial and economic structure of this country can believe that the high tide of this country's prosperity has been reached.

In a discussion of Savings Bank bonds one finds one's self touching upon, if not the largest phase of the investment business, certainly one of the most important, one of the most exacting and one to which investment bankers are giving a deeper study than perhaps many of you realize. In fulfilling few other investment requirements is the element of responsibility so constantly present. The restrictions which our Savings Bank laws place around your choice of investments are often of more *seeming* than *real* value. To invest wisely under the prescribed limitations requires a knowledge of conditions at the time of investment which is impossible save to those who are intimately in touch with the situation from day to day. I would now like to touch as briefly as the complex nature of the subject allows, on the two main groups of bonds available for Savings Bank investment.

First, municipal bonds, and by this group I comprehend all such obligations as are issued by communities—National, State, city or district—and such as depend for the payment of principal and interest upon the taxing power of the community in question. It is this group that has been found of late in particular favor by Savings Banks. There has never been a time when the Savings Banks did not naturally prefer as large a proportion of Municipal Bonds among their holdings as possible, but the relatively smaller income on this class of securities led to the investment in those securities paying the higher rate of interest. With the larger number of eligible Municipal Bonds, due to changes in recent years in the Savings Bank Acts, has come a relatively higher income, and has no doubt largely accounted for the larger proportion of Savings Bank investments in the last few years being made in that class of security. We hear much of municipal extravagances and the increasing public debts without very much intelligent discussion on the other side of the question. I venture to make the statement that the average municipality today, with twice the debt which it had ten years ago, is really less debt burdened than was that community a decade ago. Even the younger men of us can remember when municipal expenditures for public improvements were almost wholly confined to non-productive purposes, such as streets, sewers, public buildings, returning no cash income, etc., and when a publicly owned water works was the occasional exception to this rule. Since that time most of the larger municipalities have spent large sums, and most of it rather wisely, for the acquisition or construction of income producing properties. The result has been that such expenditures have represented no burden upon the taxpayer from year to year, but rather have tended to bring in an actual net revenue. This situation has been recognized in a small degree in the Savings Bank Laws, where under certain conditions the proportion of indebtedness to taxable values allowed has been increased. I think it is only fair to say that these increases have been smaller than might have been fully justified by a careful consideration of the subject as a whole.

There has been one other noteworthy change through-

out the country on municipal indebtedness which has also received little general discussion, although we know that most Savings Bank officials are aware of the change and have either consciously or unconsciously given consideration to it in the making of their investments. I refer to the more scientific regulations in the creation of municipal indebtedness and the provisions for its payment. It is not many decades ago when the creation of a municipal indebtedness was accompanied by little or no provision for the payment of the debt itself, it being deemed sufficient that provision be made for the interest, the principal being allowed to be refunded. This is decidedly the exception now, and those States which have neglected to improve their laws in this respect are today suffering through the higher cost of borrowed money. A concrete case of this disposition to pay off indebtedness within a reasonable length of time is the Massachusetts law. This requires the issuance of serial bonds, the longest maturity of which shall be within the life of the improvement made with the proceeds of the issue. A similar law now applies to certain classes of municipalities in New York State. The recent loan by New York City carried with it a contractual relation with the banks which made the loan whereby a large amount of financing which would have been spread over the usual fifty-year period, will, instead, be made on the basis of a serial loan not to exceed fifteen years.

It may interest some of you gentlemen in your leisure moments to study the last two reports of the Census Bureau of the United States, which I believe is known as the "Census of Commerce and Labor." These give the assets of all of the larger municipalities in the United States, and are so subdivided that the non-productive assets are shown separately from the "salable assets." Included in this latter class are real estate and buildings, water works, park lands, etc., as distinct from street pavements, sewer improvements, etc., which, though valuable, are not what might be termed salable assets. For instance, in answer to the criticism that the debts of New York City were mounting up very rapidly and that large amounts of the money were unwisely spent, my firm had occasion in 1910 to make a very careful analysis of this point, one of the most striking results of which was to show that the salable assets of the city were over \$1,000,000,000, a sum much greater than the total bonded debt.

These points are only a few of the many which, upon a careful study, would convince you that municipal extravagance, which has certainly existed in recent years and which can be depended upon to go hand-in-hand with prosperous times, has been more than kept pace with by conservative limitations, and that there has never been a time when municipal bonds selected with due care have been more sound.

We now come to corporate securities, the obligations of railroad and other public utility companies. The ultimate security of this group is, as you know, the earning power of the obligor corporations. Of this group railroad bonds are the most largely held by Savings Banks, and in view of recent developments demand particular attention.

It is a current impression that Savings Bank holdings of railroad bonds are growing smaller. This impression probably has its basis rather in the recent unfavorable attitude toward railroad securities than to the facts of the case. Taking the figures of the entire country, one finds that the holdings of railroad bonds by Savings Banks have increased in the last four years in the amount of over \$50,000,000. Four years ago railroad holdings comprised 52 per cent. of the total bond holdings; they now comprise 49 per cent. Looking into those States where Savings Bank investment requirements are closely restricted, one finds that in New York, for example, the railroad holdings now total about \$274,000,000, or 36 per cent. of all bonds held, as against \$250,000,000,

or 37 per cent. of all bonds held four years ago. While, therefore, actual railroad holdings have increased, the amount, relatively speaking, shows a slight decline. A more significant decline has been in the market value, and this has been precipitated in the past four years. The market value of the total bond holdings of every character of New York Savings Banks four years ago was \$5,000,000 below the par value. At the first of this year it was \$41,000,000 below.

I may not go here into the manifold factors that have governed the railroad situation. There are few problems which illustrate so practically as does this one the dictum that "A little knowledge is a dangerous thing." Those whose work lies in the railroad field—be it in the nature of regulation or of operation or of financing—have to do with the largest single industry in the United States, an industry that represents a capitalization of \$20,000,000,000, or more than one-sixth of the nation's entire wealth. More significant perhaps than the size and importance to which the railroad industry has grown is the fact that its size and importance is still growing, and that by its nature its demands upon capital must continue. For railroad property is normally and essentially property in motion. We see reports of the many millions invested in right-of-way, in structures and bridges, in equipment and in terminals. We learn of the great tonnage capacity of modern freight cars and the wonderful speed of passenger trains. All these we may understand, but more important to understand is the financial significance of this aggregate motion, of this incessant wear and tear going on daily through the year and decade without beginning and without end. The more vital the railroad has grown to our industrial life the higher have been the demands upon its efficiency. This is the clue to the continuity of its demands upon capital—demands which average in this country alone around \$1,000,000,000 every year. In dealing with the American railroad industry one deals not only with immense figures, but with immense possibilities.

So you must see, gentlemen, that your interest in railroad obligations made in the past is linked, of necessity, with the future. That this interest be intelligent is paramount. For I repeat in this situation "a little knowledge is a dangerous thing." Those whose influence is determinative in the railroad situation must have genuine knowledge. I will not undertake any comment as to whether those whose sphere is regulation have this requisite knowledge or as to whether the general public, not able, naturally, to possess this knowledge itself, is alive to the necessity of its governmental representatives acquiring and acting in accord with that knowledge. Nor is there opportunity here to go into the efficiency which is being developed by those whose sphere is operating railroads. I may say, however, that a careful study of the annual reports of our principal railroads for a period of years will suggest to you, if it does not completely inform you, as to the progress of operating efficiency in this country. Of more immediate interest is, perhaps, the progress that is being made in the financing of railroads, in the elaboration of safeguards that are being built around new bond issues. Mortgages are being drawn with more care. It is being more readily recognized that a greater percentage of earnings must be put back into the property. An example of this was one of the larger railway loans of last spring. By its terms the company had to divert from earnings for the next five years \$17,000,000, which amount has to go back into the property. This tendency toward more conservative financing has an immediate bearing on railroad bonds that are legal for Savings Banks—strengthening as it does the bondholders' equity in the property and increasing the fundamental security, a road's earning power. Similarly some of the new so-called blanket mortgages of the large systems impose definite relation-

ship upon the ratio between the funded debt and the capital stock. Another excellent provision in some of the recent mortgages is that, after a certain amount of bonds has been issued, additional bonds may be issued only for actual additions to the property and for less than their cash cost. This is in my opinion a thoroughly wholesome development in the field of railroad financing. It has been the privilege of the house with which I am associated to have been largely identified with the early financing of public utility corporations of this and other countries. In drawing up the mortgages of many of these corporations we insisted on provisions similar to those which are now being adopted by the railroads. Years have given time to test and prove that they form genuine safeguards for the investor.

I remarked before that Savings Bank holdings, including their extensive holdings of railroad bonds, show an increasing shrinkage of their market value. In New York State this shrinkage in value has amounted in the last four years to \$36,000,000. The general causes are fairly obvious, I think, although one particular phase of the situation as applied to railroad bonds may be clarified by a résumé of the history of Savings Bank holdings of this class of security.

The admission in a large way of such securities to Savings Banks is comparatively recent. It came in that era of seemingly great prosperity that followed the depression of the first half of the decade, 1890 to 1900. The period was one when money was easy and plentiful. Beginning with the fall of 1896 and continuing throughout 1897 and 1898, the entire security market was strong and prices showed a steady advance. Coincident with this upward movement legislation became active in enlarging the list of bonds available for Savings Bank investment. In New York State this admission to the eligible list of Savings Bank investment of the bonds of various important Eastern communities was followed by an agitation for the admission of certain railroad bonds. Admission of these bonds was urged by prominent Savings Bank men who claimed that the enormous increase in deposits and the narrow field allowed for their investment was rapidly forcing them into an embarrassing position. Accordingly, the Legislature passed a bill in the early part of 1898 admitting a limited number of rails to the eligible class. The list was enlarged later in 1898, and slight additional changes were made in almost every subsequent year up to 1905. The point should be noted that, in admitting these railroad bonds, there was no comprehensive outline of *requirements*, but instead the enumeration of a certain few railroads, whose bonds were made legal. The results of the legislation are doubtless fairly fresh in your memory. Under the natural stimulation of prosperous monetary and industrial conditions and particularly under the artificial stimulation of the new law's limitations, the prices of these legal rails rose until they reached an abnormal level. The favored railroads were able to issue 3½ per cent. bonds, which sold, as you know, at par or better. Some of you may now look back with regret at the time when New York Central 3½s sold as they did in 1899, and for a while later on a 3.15 per cent. basis. The time for regret was properly *then*. For the levels reached were artificial—abnormal. In the growing holdings of railroad bonds there seemed no reflection of an appreciation of this truth.

In 1905, at a high water mark of prosperity, the New York law was revised. Requirements, not roads, were specified. It was a step in the right direction, but it was a step taken at the brow, not at the foot of the hill. For following the immediate widening of the legal railroad bond group there came a cycle of depression, which has continued, with slight variations, up to the present. And as we saw in the preceding period, a rise in legal rails occasioned both by general prosperity and by the artificial nature of the Savings Bank Law, we now see

the fall in these legal rails, not merely in conformity with general conditions, but due also to the greatly expanded opportunities for Savings Bank investment: That is, the supply of Savings Bank bonds had increased—the demand had decreased. So in analyzing the conspicuous price decline of legal railroad bonds, a fact to be borne prominently in mind is that a large percentage of the loss is explainable in the abnormal and artificially high level to which prices had previously risen.

It must not be assumed from the foregoing that I would decry enlarging the Savings Bank eligible list. In so far as such enlargement is based on sound economic facts, it is a wise measure. In times of prosperity the investment of Savings Bank funds tends to increase the prices of the eligible bonds. It, therefore, is advisable to have the list of available investments so large that the investment demand from the Savings Banks will not tend to increase the prices of those bonds to a point largely beyond their value as general market investments. The possible future necessity for liquidating part of the assets so invested should be remembered, for, after all, one of the prime advantages of bonds over other forms of Savings Bank investments is their marketability. When it becomes necessary for a comparatively few Savings Banks to seek funds in this way it will be found that other Savings Banks are subject to the same influences, and it then becomes highly important to have a market for such securities outside of the Savings Banks themselves. The threatened withdrawal of large Savings Bank deposits some sixty or ninety days ago brought this very point to the fore, and the fact that such large withdrawals did not materialize did not lessen the importance of being prepared for such an emergency.

In this connection it occurs to me to touch upon a practise which works to the detriment of the Savings Banks while appearing to confer an advantage. I refer to the exemption of home securities, whether municipal or corporate, from the provisions of the ordinary Savings Bank tax. This is present in Connecticut, Massachusetts and Maine, and I believe in a number of other States where Savings Bank investments are closely restricted. The natural tendency is to advance the price of home bonds and to narrow their market. The result is that in cases of liquidation of such volume that the home market cannot readily absorb them, they are forced outside for sale in markets where the exemption from tax has no practical value. It would seem to me to be much more preferable that home municipalities and corporations should pay whatever the actual cost of such money is than to have part of that cost defrayed out of a decrease in the volume of taxes collected.

The eligible list has been amplified recently in many of the States, and generally speaking, for the better. In 1913 New Jersey added bonds of railroads which cover important terminal and dock properties. Vermont has admitted railroad mortgage bonds and Connecticut and Rhode Island have admitted certain equipment issues. This last development merits extension, for the experience of more than thirty years has demonstrated that equipment bonds, if properly issued and safeguarded, are among the safest, most conservative and desirable forms of investment. Public records show that during the receivership era, from 1893 to 1896, when railroads having outstanding over \$60,000,000 equipment securities were placed in the hands of receivers, holders of equipment bonds suffered no loss, this being true even of those roads which defaulted upon their first mortgage bonds. If issued under definitely established restrictions and secured upon standard rolling stock, equipment bonds have throughout their tenure of life a claim upon something which is good for the principal and interest, even if it comes down to a matter of selling the rolling stock at its scrap value.

To my mind, however, one of the most significant de-

velopments in Savings Bank bond requirements is the recognition of public service corporation bonds. Telephone and street railway bonds have been legal for some time in Connecticut, Massachusetts, Rhode Island and several other States. While these two types of public utilities are undoubtedly excellent additions, there is warrant for the assertion that they do not comprise exclusively the best in the public utility field. Electric railway securities, for example, are now, generally speaking, less in favor with the investing public than any other class of public utility bonds. This is due both to the public's memory of the over-estimates of value indulged in while financing the consolidations of the traction systems in many of our large cities, and to the fact that the hazards of the street railway business are greater than those of practically any other public utility. We cannot go into these hazards in detail, but the following enumeration may suffice; the rapid depreciation and obsolescence of property, labor troubles, municipal interference, damage suits and a growing tendency toward rate reduction, which does not have the compensating advantage found in nearly all other public utility lines of increasing the business. The principal other classes of public service corporations are gas, electric light and power companies, including the increasingly important hydro-electric developments. The best representatives of these public utilities furnish a most stable basis of security. Practically unaffected by industrial depression and practically free from the ill effects of competition by the fact of their being natural monopolies, the leading public utilities of this country have grown rapidly in favor with conservative investors during the last ten years. Banks, other than saving institutions, as well as private investors, are now among the largest purchasers of the bonds of such companies. Their admission into the Savings Bank eligibility class is, therefore, a natural step. Following their admission, a new and equally excellent step has been taken. This is the removal of the intra-state limitations, Savings Banks in some States being allowed to invest in the bonds of any companies which meet certain requirements, as opposed to the old limitation which restricted their investment to companies operating in the Savings Banks' home States. Here, again, there was formerly an artificial market created. A noteworthy instance of this recent development is the new Rhode Island law. Its restrictions are conservative, yet are applicable to a broad field. As a result, Rhode Island Savings Banks are enabled to pick the best the market provides—and the market is country wide in its scope.

It may be gathered from certain things I have said that I think the prosperous future of Savings Banks, so far as their investments are concerned, depends upon more closely conditioned Savings Bank laws. In part, yes. Completely, no. I would like nothing better than to analyze for you the details of some of these elaborate laws and point out to you where many pounds of prevention fail to effect even an ounce of cure. But I will be able at this time merely to pick out at random some weak links in the guardian chain your laws have welded that will suggest, if nothing more, the fundamental weakness there is in all such chains. Gentlemen, general rules depend upon generalities—and generalities play an uncertain rôle in the financial world. For that world consists of a myriad of complex, yet very concrete, details, upon which one must specialize, not generalize. Those of you who are familiar with the New York law, for instance, will recall that Savings Banks may invest in the first or refunding mortgage bonds of any railroad which, among other things, has paid dividends of 4 per cent. for the preceding five years. A similar provision occurs in both the Connecticut and Massachusetts law. At first glance it is the acme of conservatism. Now, gentlemen, surely experience has taught you that almost every good railroad that has "gone on the rocks" as

they say, has precipitated its own trouble by paying dividends when foresight and conservatism demanded that the money go back into the property. To enumerate examples would be wearing to you—there are too many. Far more important than the amount of money a railroad pays as dividends is the amount it has left over *after* paying them. The law says "Earned and paid." What is meant by earned? If any road cares to skimp its maintenance enough, its report will show its dividend *earned*. Here we have a supreme example of the dangers of generalities. When the law says "earned," it says, from a rigidly conservative standpoint, practically nothing. The Rhode Island law does not impose the dividend requirements, and to my mind this apparent laxity is a source of the law's strength. I cannot go into that law in detail, but I think it would repay you to study it. Many of its provisions are distinctly interesting.

The shortcomings in many of the Savings Bank laws are not confined to railroad bond requirements. There is distinct room for improvement in the municipal sphere. A conspicuous case is that the present law of New York State imposes restrictions which shut out from the eligibility class such bonds as those of Richmond and Atlanta, cities whose physical and financial position is and has been for a great many years above any unfavorable criticism. On the other hand, cities such as Dallas, San Antonio, Kansas City, Kansas, Peoria, Oakland, Tacoma and many others whose size and general importance are certainly not greater, are eligible, and while I am not disparaging the merits of the obligations of these communities, it does not seem to the best interests of the Savings Banks in New York State that they should not have an opportunity of adding to their list of investments such desirable bonds as those of this and similar cities in this portion of the country.

Last year when the State of Connecticut again revised its Savings Bank Law, there was shown a commendable disposition to seek practical, and I may say expert, advice. The consequence was that the original draft of that law was so changed as to avoid many questions which were sure to have arisen; in fact, many of the suggestions made by investment bankers to the Savings Bank Commissioners and the committees representing the Savings Banks themselves were born of experiences which grew out of the law passed in New York State some years before. The Connecticut law has another good feature, in that it calls upon the bank commissioners to furnish a list of securities which are eligible under the law. This follows the practise of the bank commissioners in the State of Massachusetts and is a radical departure from the practise in New York State, where, as a great many of you know, the Banking Department and the Attorney-General's Department, due to the press of work, have required that a Savings Bank shall actually make a purchase of securities before asking the Department to rule upon the question as to whether or not they are eligible. I can appreciate that it is hardly practicable to allow any outsider to bring up questions at will with the Banking Department and through them with the Attorney-General's Department; but, on the other hand, it certainly seems reasonable that the banks should have the advantage of official advice

on this subject before being required to commit themselves to an investment. The actual result of the present practise is, in many cases, that a bank will refrain from making a profitable and desirable investment because of the necessity of handling the matter in this way.

As a constructive suggestion it has occurred to me that a committee composed of representatives of the Savings Bank Department, a representative of the Attorney-General's Department and one or more representatives of the Savings Bank Association, would form a desirable and practical means of handling this problem. The duty of this committee would be to consult with the authorities and to sift all of the information at hand so as to put the case up to the officials in such shape that they could intelligently and readily pass upon the questions involved, knowing that *all* of the features bearing on the situation had been presented at one time. Such a committee would find active co-operation with any reliable investment banker, and for that very reason its work would not be as difficult as might seem at first thought.

It has been recognized by individual investors who have been most successful that a first essential in the making of any investment is the co-operation and advice of investment bankers. Investors who recognize this do so because they know that the leading investment houses of this country have at their disposal not only more information regarding the security in question than any individual can possibly have, but also an organization that has had years of training in interpreting correctly such information. There are investment houses in the country which can truthfully lay claim to a record of never losing a penny of principal and interest for clients who have invested in bonds which these houses have investigated, surrounded with a series of comprehensive safeguards and purchased with their own funds before offering them to investors. Such firms, if for no other reason than that of enlightened self-interest, regard themselves as sponsors for the bonds they offer, and their service to clients does not end until final payment of principal and interest has been made.

Now, gentlemen, I think you will agree that Savings Banks are in a position quite similar to private investors. True, those whose choice determines Savings Bank investments are usually men of affairs, men above the average in business intelligence and men who are required to direct the investment of funds far larger than is the case with private investors. But this alters not one whit, but rather strengthens my conviction that the position of Savings Banks coincides in all practical details with that of private investors. And your position, gentlemen, demands that the best information, the best advice and the best investment bankers co-operate with you at all times. Only then will your investments tend more consistently toward that ideal of Savings Bank bonds—unquestioned safety of the funds which are in your charge. I feel very strongly that such co-operation is essential—and I feel, too, that the value of such co-operation is being more thoroughly appreciated on all sides. And I am wondering if I may not take it that a present evidence of the tendency is the privilege that has been extended to me of speaking with you to-day.

Recent Amendments to the Savings Bank Law of New York State and the Reasons for Such Amendments.

BY ELLIOTT C. McDOUGAL, President, Bank of Buffalo.

On June 23, 1913, under authority of a special act of the Legislature, the Honorable George C. Van Tuyl, Jr., Superintendent of Banks, appointed a commission to revise the banking laws of the State of New York, the result of its work to be reported to the next State Legislature.

The main objects of revision were: the simplification and codification of such parts of the existing banking law as experience had proved satisfactory, and the making of alterations and amendments where clearly necessary. The new statute makes the law clear and definite in many instances where it has heretofore been doubtful and ambiguous.

The first sentence of the act is as follows: "The Superintendent of Banks is hereby authorized to appoint a commission of five or more persons having a technical knowledge of the banking law and a practical knowledge of banking methods, to prepare and submit to the Legislature a complete revision of the banking law of this State, adapted to present banking conditions and based upon the experience of the banking department in the work of supervision and in the liquidation of failed institutions."

The membership of the commission embraced lawyers, business men not bank officers, and officers of commercial banks, trust companies and savings banks. The Superintendent of Banks took a personal interest in the work of the commission, being in attendance at practically all of the meetings of the full commission. He also relieved from his regular duties and assigned as counsel to the commission Mr. George I. Skinner, First Deputy Superintendent of Banks, with about twenty years' experience in the Banking Department, and, very fortunately, a lawyer. The commission appointed the following sub-committees: Banks, Trust Companies, Savings Banks, Private Bankers, Domestic Investment Companies and Small Loans, Liquidation and Penal Law. The First Deputy Superintendent of Banks attended the meetings of practically all of these sub-committees. One of the chief advantages of the make-up of the commission was that every section of the law, both old and new, was thoroughly discussed and argued upon from the standpoint of the banker, the business man who is not a banker, and the lawyer. The fact that the First Deputy Superintendent was a lawyer and also had practical experience in the Banking Department made his assistance invaluable. He could answer the points of bankers from a banker's standpoint. Many suggestions were made by members of the commission not bankers, which bankers knew were not practicable; but, in many cases, although they might advance their opinions to that effect, and although their opinions might be respected by lawyers and business men, a mere opinion might not be absolutely convincing. He frequently could cite, out of his own experience, instances where the very suggestions had been tried, and could tell just how they had worked out in actual practice. He would say: "What you propose was tried in such and such a bank at such and such a time, and the results were so and so." Such statements of actual experience were convincing. The commission was able to do its work in a most practical way and to avoid theoretical pitfalls. Because of the presentment and thorough discussion of valuable ideas respecting the different points of view of different business interests,

because the members of the commission had to be "shown" to their own satisfaction the practical working of any proposed changes in the law before recording themselves in favor, because fallacies and mistakes could, with great difficulty, escape the scrutiny of so many different classes of minds, it is a fact that, although months have elapsed since the passage of the law, it has not been criticised except by those who, for the public good, were subjected to additional restrictions.

The commission found that the banking laws of the State of New York, so far as they related to commercial banks, trust companies and savings banks, had been proven by experience to be in the main good. Comparatively little new matter was inserted in these articles. The most important work of the commission was done by the Committee on Private Bankers, Domestic Investment Companies and Small Loans. The absolute necessity of protection for small depositors, many of whom could not discriminate between banks under the supervision of the Banking Department and private bankers not under the supervision of the Banking Department, called for immediate action. The subject was a most complicated one, as care had to be taken not to interfere with the operations of large private bankers who do not take savings deposits and whose services are absolutely necessary for the promotion of large enterprises and the development of this country, and, at the same time, to make the laws so broad that under no technical loophole could private bankers taking small deposits avoid supervision. The Henry Siegel & Company failure in New York emphasized the danger of unsupervised private banking. While most of the members of the commission were just as well aware of these dangers before the Siegel failure as after, it is doubtful whether the private banking section of our bill could have passed if it had not been for the public sentiment aroused by the Siegel failure. Even then the opposition of private bankers in the Legislature was the strongest opposition with which the commission had to contend. Some of the private bankers knew that if they came under the supervision of the Banking Department they would be found to be insolvent. Their opposition was desperate. Several of them, in New York City, who fought the new banking law, were closed within a month or two after it became effective and the Superintendent of Banks was able to learn their true condition, which condition averaged worse than the commission ever openly dared declare.

I am not here to-day to speak of the general work of the commission. I have been asked to speak upon the changes in the law as such changes affect Savings Banks and upon the reasons for such changes. I have selected the more important points, thinking it better to treat them clearly than to treat the whole subject inadequately.

At the outset, I wish to disclaim any assumption on my part as speaking for the commission. Many of the members of the commission had different reasons for favoring the same measures. When I state why certain changes were made, I am to be understood as stating my conception of the preponderating reasons of the commission as a whole. Such conception will be according to my best judgment, framed during the sessions of the commission.

I am not entering into much detail concerning the pro-

visions for incorporating and organization of Savings Banks. The old law provided that the number of trustees might be thirteen or more. There was no maximum limit. The new law provides that there shall be not less than nine nor more than thirty. The minimum was reduced from thirteen to nine, and the quorum from seven to five, because of anticipated difficulty in selecting enough able trustees in case interlocking directorates were prohibited. The number was limited to thirty because experience had taught that, in a board of unusually large numbers, the responsibility is so divided that no one trustee feels his responsibility very keenly unless he happens to be one of a small executive committee to which, in such cases, the main responsibility and initiative usually are delegated, or, if not specifically so delegated, gradually assumed.

Perhaps the most important change in the law is to be found in the recognition by the Legislature of the necessity of a fund, whether it be called "guaranty fund," as it is in the new act, or "surplus fund," devoted to the protection of depositors. Under the old law there were provisions limiting the amount of the surplus fund which Savings Banks might accumulate, but the law was entirely devoid of any provision requiring a Savings Bank to have any such fund, and no credit can be given to the law, as it existed prior to this revision, for the fact that the Savings Banks of New York State had built up large surplus funds to protect their depositors. It is true that some of these requirements as to guaranty funds are not very strong, and that for the good of the Savings Banks, as a whole, there might well be a further increase in the percentage of earnings which should be set aside from year to year. Nevertheless, the great gain made in the new banking law is the recognition by the Legislature that some guaranty fund or surplus is absolutely necessary, and that a guaranty fund of 10 per cent. of the amount due its depositors is the minimum which should be required of a Savings Bank. I shall discuss the details in their proper place.

Section 234 of the new law requires that the incorporators of a new Savings Bank shall deposit, in cash, as an initial guaranty fund, at least \$5,000, and that they "shall also enter into such agreement or undertaking with the Superintendent of Banks as he may require, to make such further contributions in cash to the guaranty fund of such Savings Bank as may be necessary to maintain the solvency of the Savings Bank and to render it safe for it to continue business." It is also provided that the Superintendent may, in his discretion, require a surety bond in connection with this agreement.

I presume that many of you know that, in the State of New York, Savings Banks are mutual associations the starting of which requires the paying in of no capital stock. All of the assets of New York State Savings Banks are owned by the depositors. Unless some such provision were made, a Savings Bank could start without either capital or surplus. You will remember that, in the new law, the words "guaranty fund" are used in place of the old word "surplus."

Section 235 also provides that the incorporators shall deposit in cash an additional sum of \$5,000 for an expense fund, and enter into an agreement with the Superintendent of Banks to make such further contributions as may be necessary, he to have the power, in his discretion, to require a surety bond in connection with such agreement.

Section 236 also provides that interest shall be paid to the contributors upon the expense and guaranty funds at the same rate as is paid to depositors, and that, when the earnings of a savings bank warrant such action, the contributors shall be reimbursed the amount of their contributions in whole, or in part pro rata. These contributions are represented by transferable certificates that may be assigned and bequeathed in the same manner as other personal property. The main reason for these amendments is proper protection

of depositors, and incidentally assurance against the springing up of an unnecessary number of weak Savings Banks formed by irresponsible promoters. It was argued by a number of the members of the Commission that incorporators of new Savings Banks would not comply with such conditions, and that the result of the law would be practically to prohibit the organization of new Savings Banks. The First Deputy Superintendent of the Banking Department answered this by saying that incorporators had been doing this very thing in a number of cases because the Superintendent of Banks had required it, and that those starting a Savings Bank were just as likely to contribute their cash toward such enterprises as toward other philanthropic enterprises. He also stated that the practice had worked out well during several years of experiment, and that the Department thought that the discretionary power which the Superintendent had assumed with such good result should be authorized by statute. These are the main reasons for these provisions.

Investments are treated by the Commission very conservatively. Very few changes, and practically no important changes, were made in the old law. The commission itself felt that it would be distinctly to the advantage of the Savings Banks of New York State that they should be given permission to invest in equipment notes of good railroads and other short-term securities of a like nature, in order that they might not be compelled to invest so large a proportion of their assets in long-term bonds which carry with them such a large risk of depreciation in financial crises. Savings Bank men present have only to ask themselves what they could sell their gilt-edged bonds for to-day were the Stock Exchange opened and the bonds thrown on the market, as compared with the price at which they are carried on their books, to realize the force of this suggestion. While I am not absolutely positive on this point, I am inclined to believe that this new provision was left out of the Savings Bank law at the request of many of the conservative Savings Bank men of New York State who thought it not for the best interests of their depositors. Personally, I do not agree with this opinion, but my experience is only that of a commercial banker. Had I the valuable Savings Bank experience of the gentlemen who advised against this measure, I might have thought as they did.

One of the anomalies of the old law was that there were many securities in which Savings Banks were allowed to invest, but which they could not take as collateral security for loans. It is perfectly plain that this was absurd. The new law permits Savings Banks to take as collateral for loans any securities in which, by law, they are entitled to invest.

Section 53 provides as follows:

"On or before the first day of June and the first day of December in each year, the Superintendent shall furnish to each Savings Bank a list, giving with such detail as he may deem necessary the estimated market values, either specifically or by classes, at which the bonds held by it, which are legal investments for Savings Banks, shall be reported at the date of its next semi-annual report. In making such valuations the Superintendent shall be governed so far as is practicable by actual sales of such bonds as ascertained by him, or as reported by the various stock exchanges and financial papers during the preceding five months, and by general business conditions."

These lists will be of great assistance to all, and especially to trustees of Savings Banks in small cities and villages. Trustees may safely follow them, and, at the same time, be relieved from personal liability in doing so.

This provision enables the Superintendent of Banks to make fair valuations of the investments of Savings Banks at all times, and compels the Savings Banks to accept such valuations without any quibbling as to so-called investment values based upon the cost of the se-

curities, and not upon value in any sense of the word. It also makes the market values, used by all Savings Banks, on the same securities, absolutely uniform, which was practically impossible under the old law, even if every Savings Bank had honestly done its best to use the true market values.

There is one new provision in Section 239, subdivision 9-c, which reads as follows:

"The trustees of a Savings Bank shall not be held liable for investing in State or Municipal bonds named in the list furnished by the Superintendent of Banks pursuant to section 52 of article 2 of this chapter, or in any railroad bonds mentioned in such list, which have been legally issued and properly executed, unless such Savings Bank shall have been notified by the Superintendent of Banks that, in his judgment, such bonds do not conform or have ceased to conform to the provisions of this section."

Section 241 provides that there shall be delivered to a Savings Bank a complete abstract of title to such real estate, or a policy of title insurance of a title company. I take it for granted that this is simply legalizing what has been the practise of good Savings Banks.

Subdivision 3, Section 265, provides that any attorney for a Savings Bank, although he be a trustee thereof, may receive a reasonable compensation for professional services, and also that he "may collect of the borrower and retain for his own use the usual fees for such services, excepting any commissions as broker or on account of placing or accepting such mortgage loans."

It was thought there could be no good reason why an attorney should not be paid by a Savings Bank for professional services even if he were a trustee. It was thought that explicit permission for open and above-board compensation, which naturally excludes what is not specifically permitted, was much better than indirect methods.

I still question whether the law should not have gone further and fixed a uniform rate of compensation based on percentages. It might be urged by Savings Bank attorneys that no two services, covering equal sums, are of equal value, but an average rate probably could be devised that would be fair to all.

Section 248 contains the following provisions:

"The Savings Bank may at any time by a resolution of its Board of Trustees, require a notice of sixty days before repaying deposits, in which event no deposit shall be due or payable until sixty days after notice of intention to withdraw the same shall have been personally given by the depositor.

"Nothing herein contained, however, shall be construed as impairing contracts heretofore made between Savings Banks and their depositors as to notice of withdrawal, or as prohibiting any Savings Bank from making payments of deposits before the expiration of said sixty-day notice.

"But no Savings Bank shall hereafter agree with its depositors in advance to waive said sixty days' notice, nor shall it in the case of deposits hereafter made require a longer notice than the sixty days aforesaid."

Prior to the enactment of this section, the whole matter of requiring notice, and the length of the notice, was settled by the by-laws of each bank, so that some banks were in position, under the old law, to require sixty days' notice, some were limited to requiring thirty days' notice, others could require ninety days' notice, all of which led to confusion at times when notices were required, that was thought undesirable. The present section regulates the whole matter and makes sixty days the standard.

It also provides that a Savings Bank, taking proper precautions, may pay to the apparent heirs of a depositor who dies leaving no will, and for whose estate no executor or administrator is appointed, any balance due not exceeding \$250. Every Savings Bank officer of experience knows that there are many cases in which the expense of court proceedings and the appointment of executors or administrators would eat

up the greater part of the small balances left by deceased depositors. Some Savings Bank officers have illegally taken the risk of making such payments. The present statute legalizes them and protects Savings Bank officers in making them.

Section 249, referring to joint deposits, payable to either or to the survivor, additionally provides:

"The making of the deposit in such form shall, in the absence of fraud or undue influence, be conclusive evidence, in any action or proceeding to which either such Savings Bank or the surviving depositor is a party, of the intention of both depositors to vest title to such deposit and the additions thereto in such survivor."

This makes more certain the right of Savings Banks to pay the survivor when the deposit was made payable to two depositors jointly, or to the survivor in the case of the death of one of them.

Section 251 permits a Savings Bank to carry 20 per cent. of the aggregate amount of the deposits uninvested and in cash. Heretofore this amount was limited to 10 per cent.

It gives a wider discretion to the trustees of Savings Banks as to the time at which deposits should be invested, by allowing them to retain uninvested a much larger portion of the receipts. Under the former statute they were required to invest all but 10 per cent. of the moneys received permanently, even though market conditions were most unfavorable, instead of holding the deposits until they could be advantageously invested.

One of the most important amendments is contained in Section 255, which reads as follows:

"If at the close of any dividend period the guaranty fund of any Savings Bank be less than 10 per centum of the amount due to depositors, there shall be deducted from its net earnings for such period and credited to its guaranty fund 5 per centum of its net earnings during the year 1914; 6 per centum during the year 1915; 7 per centum during the year 1916; 8 per centum during the year 1917; 9 per centum during the year 1918; 10 per centum during the year 1919, and 10 per centum during any year thereafter in which a dividend shall be declared or so much of such percentages as will not compel it to reduce its dividends to depositors below the rate of 3½ per centum per annum. The amount of net earnings remaining after such deduction for the guaranty fund and its undivided profits shall be available for the declaration of dividends for such period.

"While the trustees of a Savings Bank are paying its expenses or any portion thereof, the amounts to be credited to its guaranty fund shall be computed at the same percentages upon the total dividends credited to its depositors instead of upon its net earnings."

There was considerable difference of opinion concerning the percentages which should be named in this section, some of the members thinking that the percentages finally adopted were ridiculously low. The majority of the commission thought that it was of great importance to establish the principle that some sum must be set aside regularly, and it was better to make a start in the right direction even if the initial percentage was very small and lower than what most banks habitually set aside, that the start should be made and the percentage gradually increased. The commission took into account the probability that before the percentage of increase had reached the maximum, gilt-edged bonds would have recovered from their present depression and that it would be as easy for a Savings Bank to set aside 10 per centum during the year 1919 as to set aside 5 per centum now.

Section 256, subdivision 6, provides as follows:

"The trustees of any Savings Bank whose undivided profits and guaranty fund, determined in the manner prescribed in Section 253 of this article, amount to more than 25 per centum of the amount due its depositors, shall at least once in three years divide equitably the accumulation beyond such 25 per centum as an extra dividend to depositors in

excess of the regular dividend authorized. A notice posted conspicuously in a Savings Bank of a change in the rate of dividend shall be equivalent to a personal notice."

The experience of the past ten years has proven that the limit of 15 per cent. previously placed upon a Savings Bank surplus above which it would be obliged to declare extra dividends is not a sufficient margin of safety.

Under the new law, this guaranty fund is based upon estimated market values. Under the old law, the amount of the surplus, which was the equivalent of what we now call the guaranty fund, was estimated on the market value of securities only when the securities were below par, otherwise upon the par value of the securities.

Section 258 provides:

"No Savings Bank shall hereafter put forth any sign or notice or publish or circulate any advertisement or advertising literature upon which or in which it shall be stated that such Savings Bank has a surplus or guaranty fund in excess of its market value surplus or guaranty fund as determined under the provisions of this article, unless the nature of the same be clearly made to appear."

This section was included because some Savings Banks were using, for advertising purposes, valuations showing surpluses much in excess of those allowed by the Banking Department. I cannot, however, conscientiously say that this practise is confined to Savings Banks. I have known a bank or a trust company to publish, as required by law, in an obscure corner of a paper, its official sworn report showing its proper surplus and then, the next day, or the very same day, publish, for advertising purposes, a statement based on book valuation and showing a much larger surplus.

Section 267 provides that a trustee of the Savings Bank shall not—

"(c) Direct or require a borrower of the Savings Bank on mortgage to negotiate any policy of insurance on the mortgaged property through any particular insurance broker or brokers, or attempt to divert to any particular insurance broker or brokers the patronage of borrowers from the Savings Bank, or refuse to accept any such insurance policy because it was not negotiated through a particular insurance broker or brokers."

This provision was included because Savings Bank men of long experience told the commission that the practise of using the influence of a Savings Bank official to induce the party to whom it was making a loan to place his insurance with some relative or friend of the Savings Bank official, or some concern in which the official was interested, was not so uncommon as might be supposed.

Section 267 also provides that a trustee of a Savings Bank shall not

"(e) For himself or as agent or partner of another, directly or indirectly, borrow any of the funds or deposits held by the Savings Bank, or become the owner of real property upon which the Savings Bank holds a mortgage. A loan to or a purchase by a corporation in which he is a stockholder to the amount of 15 per centum of the total outstanding stock, or in which he and other trustees of the Savings Bank hold stock to the amount of 25 per centum of the total outstanding stock, shall be deemed a loan to or a purchase by such trustee within the meaning of this section; except when the loan to or purchase by such corporation shall have occurred without the knowledge or against his protest. A deposit in a bank shall not be deemed a loan within the meaning of this section."

"This section shall not be construed to prohibit a Savings Bank from making a loan to a religious corporation, club, or other membership corporation of which one or more trustees of such Savings Bank may be members or officers, but in which they have no financial interest, nor shall it be construed to prohibit a Savings Bank from making loans to or purchasing guaranteed mortgages from any stock corporation, provided no trustee owns more than 15 per centum of the capital stock of such corporation, and the total amount of such stock owned by all the trustees of such Savings Bank is less than 25 per centum of such capital stock."

Under the old law it was provided that no officer or trustee should have an interest in a loan made by the Savings Bank. Under this section it had been held by the Attorney General that a trustee of a church, who was also a trustee of a Savings Bank, vacated his office as trustee of the bank when the bank made a loan to the church, even though it was made without the trustee's knowing anything about it. It was also held that where a trustee of a Savings Bank was a stockholder in a corporation which subsequently purchased a piece of real estate, upon which the Savings Bank held a mortgage, that such trustee *ipso facto* vacated his office as trustee. Section 267 is an effort to straighten out these relations, so that a trustee will not vacate his office if his interest in the mortgaged property is trivial and negligible, and at the same time to protect the bank from having a trustee have loans made in which he has a genuine though indirect interest.

Section 271 is as follows:

"A Savings Bank may, in the discretion of its Board of Trustees, retire any officer, clerk or other employee who shall have served the bank for a period of thirty years or more, or who shall have served the bank for a period of twenty years or more, and shall have become physically or mentally incapacitated for his position, or who shall have served the bank for a period of twenty years or more, and shall have attained the age of sixty years. Any person retired from service pursuant to this section may be paid in equal monthly installments at the rate of not exceeding 2 per centum of his average annual salary for the three years immediately preceding his retirement, for each year of service in the bank, but the maximum annual amount paid shall in no case exceed 60 per centum of such average annual salary."

It was represented that some Savings Banks had been in the habit of pensioning employees; that there was a question whether they had legal authority to do so; that the practice was a proper one, and that it should be legalized. Section 280 provides,

"Whenever the losses of any Savings Bank resulting from a depreciation in the value of its securities or otherwise exceed its undivided earnings and guaranty fund so that the estimated value of its assets is less than the total amount due its depositors, the Supreme Court may upon the petition of the Savings Bank, approved by the Superintendent of Banks, order a reduction of the liability to each depositor therein so as to divide the loss equitably among its depositors. If thereafter the Savings Bank shall realize from such assets a greater amount than was fixed in the order of reduction, such excess shall be divided among the depositors whose accounts were reduced, but to the extent of such reduction only."

As Savings Banks in New York State have no paid-in capital but are mutual associations, it is perfectly proper that, in case of necessity, any losses should be immediately adjusted by charging them against depositors *pro rata*, thus restoring the legal solvency of the Savings Bank. Section 487 provides—

"2. Any two Savings Banks located in a city of the first class and in the same county or borough, or any two or more Savings Banks located elsewhere in the State and in the same or adjoining counties, are hereby authorized to merge as prescribed in succeeding sections of this article."

This permits the merger of Savings Banks, so that weak institutions organized under the former system can, in case of need, be taken over by strong institutions without loss to depositors, and provides a convenient, easy and economical method of liquidation, should such liquidation become at any time necessary.

In the preparation of this paper, I have had valuable assistance from Mr. George I. Skinner, First Deputy Superintendent of the Banking Department of the State of New York, and from Mr. Charles A. Miller, President of the Savings Bank of Utica, N. Y. By their help I hope that all inaccuracies and omissions of the more important points in the law have been avoided.

Committee and Officers' Reports—Savings Bank Section

Report of Executive Committee of Savings Bank Section.

RICHMOND, VA., October 13, 1914.

Mr. President and Members of the Savings Bank Section:

Two meetings of your Executive Committee have been held since our last annual meeting in Boston—one immediately following said annual meeting, and the other at Hot Springs, Va., on April 30th.

At the first of these meetings the honor of Chairman of this Committee was conferred upon me, and the Secretary re-elected for one year. It was also unanimously decided at this meeting that, in accordance with the new Constitution of the American Bankers' Association, the President and Vice-President should represent the Savings Bank Section in the Executive Council, and Messrs. Robinson and Knox, together with the Secretary, were appointed a committee to represent the Section to the authorities at Washington in regard to amendments to the Postal Savings Act. How well they have performed their duty will be told in their report. Also at this meeting the Secretary was directed to publish a new book of printed forms, and money was appropriated for that purpose. This has been done, and the book is now in the hands of all subscribers.

At the second meeting a new set of By-laws was offered by the Secretary, approved by our committee, and will be presented for your approval to-day. Reports were also received from all standing committees, indicating that our Section was playing a large constructive part in the work of the American Bankers' Association; and from the reports of these committees to-day you will observe that they are still aggressively carrying forward their work.

Through the death of Clinton T. Rose of Syracuse, N. Y., and the resignation of G. Ad. Blaffer of New Orleans, La., two vacancies were created in the Executive Committee, and to fill these vacancies until this Convention, James Dinkins, of Gretna, La., was elected in the place of Mr. Rose, whose term of office expires in 1915, and George E. Edwards, of New York, was elected in the place of Mr. Blaffer, whose term of office expires with this convention.

The matter of program for this convention was placed in the hands of the officers of the Section.

Our office has been efficiently conducted along broad lines and in the interest of the entire membership of the American Bankers' Association, and the detail incident to the work of all committees has been handled by our Secretary personally, ably assisted by his office assistant.

This has been the busiest year in the history of the Savings Bank Section, and it is to be hoped that the aggressive constructive policy it has adopted will be continued.

This report must not close without expression, which we hereby record, of our hearty appreciation of the untiring faithfulness, the notable efficiency and loyalty to Savings Bank principles with which our Secretary has performed the duties of his office.

Respectfully submitted,
(Signed) N. F. HAWLEY,
Chairman.

Report of the Secretary, Savings Bank Section, E. G. McWilliam.

RICHMOND, VA., October 13, 1914.

Mr. President and Members of the Savings Bank Section:

The period since our last meeting in Boston has been one of the greatest activity in the Secretary's office since my incumbency of it. However, as this activity was largely a result of the detail incident to work conducted under direction of our various committees, and will be reported by their respective chairmen, it hardly seems necessary or proper that further mention be made of it in this report.

I desire, however, to state that I believe the Savings Bank Section to be a larger constructive force to-day than ever before, and that the possibilities for its future usefulness are greater than ever.

The new by-laws which were adopted by our Executive Committee at Hot Springs, Va., last May have been placed before you through the medium of our JOURNAL, and printed copies have been handed you to-day in order that they may be intelligently acted upon at this meeting.

The matter of fittingly celebrating the centennial of Savings Banks in this country in 1916 should not be lost sight of, and I trust a special committee will be appointed to take up this matter at least one year in advance.

Our financial statement, which is appended hereto, shows

that our appropriations for the past year's work was \$9,500; receipts from other sources, \$19.28; and that our expenditures for the year have been \$9,197.10, leaving a credit balance of \$322.18. However, other expenses which were contracted for but the bills for which were not presented prior to September 1, will largely offset that amount, although figured in this year's expenses.

During the past year the Secretary's office has been used, to a larger degree, than ever before by the banks in all parts of the country desiring information upon all phases of savings banking, and it is gratifying to note that many appreciative letters have been received from such banks, indicating that we have really been enabled to render them the kind of service they have a right to expect as members of the American Bankers' Association, and which will continue to be our constant endeavor.

Respectfully submitted,
(Signed) E. G. McWILLIAM,
Secretary.

SAVINGS BANK SECTION.

September 1, 1913, to August 31, 1914, inclusive:

CREDITS.	
Appropriation	\$9,500.00
Sales of slides (Thrift publicity).....	19.28
	<hr/>
	\$9,519.28
DISBURSEMENTS.	
Salaries	\$3,922.83
Postage, stationery and printing, including Thrift publicity	2,520.01
Rent	604.92
Proceedings, 1913.....	1,280.20
Executive Committee meetings.....	313.91
Traveling expenses.....	260.80
Convention expenses.....	217.69
Express	15.19
Telephone and telegraph.....	13.30
Typewriter inspection.....	9.00
Picture frames.....	4.75
Sundries	24.50
	<hr/>
	\$9,197.10
Credit balance.....	<hr/>
	\$322.18

Report of the Methods and Systems Committee.

RICHMOND, VA., October 13th, 1914.

Mr. Chairman and Gentlemen:—

While in response to many requests, which have been especially numerous since the passage of the Federal Reserve Act, we have been enabled through our efforts to furnish valuable information to a large number of banks throughout the country in reference to methods and systems to be employed in savings banks and departments, our principal efforts have been devoted toward steadily pushing forward the Thrift Campaign which was first suggested by our Secretary somewhat over two years ago, and we are pleased to report that our efforts are beginning to produce definite results.

For instance, in the matter of school savings banks, after a year of continuous effort upon the part of our vice-president for Illinois, Mr. Joseph R. Noel, President North West State Bank, Chicago, the Board of Education of that city on March 23d approved the school savings system as presented by Mr. Noel and authorized its adoption by school principals in their respective schools. In New York City about the same time, a favorable report was rendered by a sub-committee of the Board of Education to that body, and it would seem that at last all impediments had been removed to the early adoption of the school savings system, as a system, in that city. Through the efforts of Mr. Robinson, our Secretary, together with Mr. Robinson, Mr. Rother, our vice-president for Maryland, and other Baltimore bankers, appeared before a sub-committee of the Board of Education in Baltimore on January 20th, and presented the matter of school savings banks to that body. We feel that the adoption of the system by these three cities will give the school savings system a great impetus throughout the country.

In North Dakota the State Bankers Association has entered into an active campaign for the adoption of the school savings system throughout the state and we have forwarded to the energetic Secretary of that Association nearly one thousand copies of our school savings bank pamphlet, for all of which there was a demand. In Connecticut, the educational authorities of the state have become interested and we earnestly hope that other state associations may be moved to take up this work.

The school savings bank has been adopted in many other

small communities since our last report, and the demand for our school savings bank pamphlet has been so large that we were obliged to print a new and more complete edition of five thousand copies.

In order that accurate statistics of the school savings system throughout the United States may be obtained, our Secretary arranged with the office of the Comptroller of the Currency at Washington to send an inquiry to all banks, requesting the names of schools carrying accounts made up of school savings funds. The replies to this inquiry have been forwarded to our Secretary, who will address each school for statistics which, when compiled, will be shared with the Comptroller's office.

The Thrift Talks which are issued monthly from our office for weekly use in newspapers and other publications are daily increasing in popularity with both bankers and publishers and we are now mailing seven hundred sets of these talks each month. In Wisconsin, our Vice-President, Mr. J. H. Puelicher, Cashier, Marshall & Ilsley Bank, Milwaukee, has taken up the matter of publishing these talks with every banker in the state. Thus the co-operative value of these talks to both bankers and publishers is rapidly becoming recognized. Mr. Puelicher has also taken up with publishers of school books the matter of inserting lessons upon thrift in the readers used in our public schools, and has hope that this will be done.

We have again, in co-operation with the Board of Education of New York City, arranged Thrift courses throughout that city. Four courses were presented last season as follows: Borough of Brooklyn, ten lectures; Borough of Bronx, eight lectures; Borough of Queens, nine lectures, and Borough of Richmond, seven lectures, or thirty-four lectures in all. While in other cities a talk has been given only now and then upon this subject, we have great hopes that through the co-operation of the American Institute of Banking, which is also working along similar lines, this phase of our work will be more generally taken up in the near future. Mr. Knox, our Vice-President, has been of great assistance to us in this work in New York City, and has taken an active part in each course presented.

Since our last report a communication has been addressed to all Vice-Presidents again urging the organization of Thrift Committees in their respective states, and a gratifying response has been received, indicating that in many states efforts are being made in at least one of the three directions suggested above. It is our aim to gradually organize local campaigns in every state. And to this end the Secretary has communicated with the officers of the several State Banking Associations in advance of their respective conventions soliciting them to bring this highly important matter to the notice of their body with the view to securing their interest and helpful advancement.

Under direction of this committee the book of Forms for Savings Banks and Savings Departments in Commercial Banks and Trust Companies has been compiled and published by our Secretary, as authorized at the Boston Convention. Over six hundred copies of this book were ordered before it was printed, which enabled us to deliver it to our members at four dollars per copy or practically cost. While claiming nothing for this book except that the forms it presents are typical, nearly all forms are reproduced in actual size, and we believe the book to be practical and helpful.

A chart showing the organization and administration of a large trust and savings bank and embodying an advertisement of this meeting, was mailed every member of the Savings Bank Section about one month ago. This chart was taken from the new book of forms and gives some idea of the comprehensive manner in which the book has been treated. Copies of this book may be obtained during the convention upon application to the Secretary, either at the registration desk or office of the General Secretary.

The most recent, and in the opinion of the committee, most important step yet taken in our Thrift Campaign, is the application of motion pictures to the teaching of Thrift. This idea originated with our Secretary many months ago, but its execution finally became possible through a friend of the Chairman of this Committee, who succeeded in interesting the Vitagraph Company of America in our work to the extent of producing a motion picture play illustrating the principles of thrift, clothed with a strong dramatic setting which would attract the interest of the general public. Your Committee engaged a gentleman to write such a two-reel play which was entitled "The Reward of Thrift," and the result of his efforts was accepted by the Vitagraph Company, which produced the play and released it September 15th, through the General Film Company, which has forty-eight branches located in the principal cities of this country. The significance of this step lies in the fact that through this medium it will be possible to reach six or seven millions of people during the year, not to mention those abroad; and it is conceivable that besides accomplishing a great amount of good wherever exhibited, it will very nicely supplement appropriate publicity matter which might be issued by the bankers of any community at the time the play is exhibited therein.

We feel that at last we may report decided progress in every direction and trust that our efforts meet with your approval.
Respectfully submitted,

V. A. LERSNER,
Chairman.

Report of Membership Committee.

RICHMOND, VA., October 13, 1914.

Mr. Chairman and Gentlemen:

The interval since our Boston Convention having been one of readjustment in the membership in the Sections, our net result shows a considerable loss, as compared with last year, although upon analysis it will be found that had it not been for the loss entailed through the strict interpretation of the new Constitution, we would have shown a very satisfactory gain, as we are constantly enrolling new members.

Sec. 1 of Article X of the new Constitution states, among other references to Sections, that "any member of the Association may become a member of such Section as may best benefit such member's business interests." This was construed to mean that a member bank might be enrolled with but one Section, and soon after the Boston Convention the General Secretary addressed a letter to all banks enrolled in both the Savings Bank and Trust Company Sections, requesting that a preference be expressed as to which Section it was desired to be affiliated with.

There were 510 banks enrolled in both Sections. In response to the General Secretary's letter, 290 banks chose the Trust Company Section, 196 banks chose the Savings Bank Section, 5 banks stated that they did not desire enrollment in either Section, and 19 banks did not reply, and therefore were not assigned to either Section. From these figures it will be observed that one Section lost 314 members by the operation. However, since the Boston Convention we have received 175 new members and lost 22, which would show a normal increase of 152 had it not been for the above circumstance.

Upon the recommendation of this Committee the matter of amending the Constitution of the General Association so as to permit enrollment of members in more than one Section, was presented to the Executive Council at its last meeting, and referred to a special committee, who have prepared such an amendment for action by this Convention, and we believe that the adoption of said amendment will be in the best interests of the Association.

Our statement of membership to date is as follows:

Membership, September 1, 1913.....	2378
New members received since September 1, 1913.....	175
	<hr/> 2553
Lost, Trust Company Section.....	290
Lost, Banks desiring no Section.....	5
Lost, Banks did not reply to Secretary's letter.....	19
Lost, failure or merger.....	22
	<hr/> 336
Net membership, September 1, 1914.....	2217

The detailed statement, which is attached hereto, shows that our membership is composed of
356 Mutual Savings banks
767 Stock Savings banks
472 State banks
428 National banks
27 Trust companies
154 Trust and Savings banks
13 Private banks

All of which is respectfully submitted
(Signed)

GEO. E. EDWARDS,
Chairman.

Report of Committee on Law and Segregation.

RICHMOND, VA., October 13, 1914.

Mr. Chairman and Gentlemen:

Owing to the fact that the Postal Savings legislation has been looked after by a special committee and the interlocking directorates legislation has been watched by the Federal Legislative Committee of the General Association, there has been no need for activity by this committee in regard to pending legislation, and in view of the legislative transition through which the financial world is passing, it has not been deemed wise for this committee to recommend any new legislation since the Boston Convention.

Especially would it have been unwise to press the matter of segregation during this period after the principle has been so generally opposed by the members of this Association, as represented by the Currency Commission and the Chicago Conference.

Also it was found at a comparatively early date that the opposition to segregation, while misinformed, was yet strong enough to keep the segregation provision out of the Federal Reserve Act, with the plea that it would be taken up at some later time after the main features of the bill were in operation.

However, while we may not report any direct result of this

committee's work, it is still on the alert for any further legislative disturbances.

Respectfully submitted,

N. F. HAWLEY, *Chairman.*

Report of Committee on Postal Savings Banks.

RICHMOND, VA., October 13, 1914.

Mr. President and Members of the Savings Bank Section:—

Your Committee has endeavored to keep in touch with the progress of Postal Savings Bank legislation and has reported the results of its work from time to time through the columns of the JOURNAL; nevertheless it is now desirable to review as briefly as possible the activities of the Committee since our last general meeting in Boston:

The week following the Convention your Committee began its work through correspondence with the Director of the Postal Savings Bank System, thanking him for his friendly address to our body and offering our co-operation in all matters of mutual interest; a little later we began the preparation of a letter to our State Vice-Presidents outlining our objections to the then pending legislation and suggesting that they make known their views to their several Representatives at Washington. Personal letters to various Senators and Members of the House were written by your Committee and others of our membership, asking their special help in defeating the so-called Bankhead Bill, removing the limit of deposits in the Postal Savings Banks; we had the benefit besides of generous and timely aid from many sources.

Notwithstanding our diligence in watching the progress of the Bankhead Senate Bill (S. No. 2,232), we were surprised to learn about the first of last December that the Post Office Department had executed a flank movement in getting through the House a bill identical in phraseology with the Senate bill and known as the Moon Bill (H. R. No. 7,967); this bill had slipped through noiselessly and practically none of our friends had any knowledge of its existence until it had passed the House. While this was an unwelcome development, it simplified our task in that it compelled us to concentrate our work upon the Senate; immediate efforts were made to place before the members of the Committee on Post Offices and Post Roads our objections to the bill, and your Committee, accompanied by the Secretary of our Section, spent two stressful days in Washington during the latter part of January. We had personal interviews with Senators Bankhead, Burton, Root and Ransdell and the Postmaster-General, Mr. Burleson; we also enlisted the sympathy of others in official life who were in a position to help. We prepared a brief, outlining our attitude and our objections, and left a copy with every member of the Senate Committee; we also put our plea in the hands of the President; we endeavored to secure a hearing before the Senate Committee on Post Offices and Post Roads, but the chairman was unable to grant our request, because of the pressure of other business; he assured us, however, that although the bill bore his name, it had been introduced at the request of the Post Office Department and he did not stand as its sponsor. When we left Washington we had good reason to believe that our opposition would alter the complexion of the pending measure.

Subsequently the newspapers gave us some help and our members continued to importune their Senators, with the happy result that on March 2d Senator Bristow introduced a bill designed to allow banks not members of the Federal Reserve System to accept postal savings deposits—and on March 12th the Bankhead Bill was reported to the Senate, amended by fixing the limit of interest bearing deposits at \$1,000 and permitting the deposit of \$1,000 additional without interest. This was the situation when your Committee made its report at the

Spring Meeting of the Executive Committee of our Section in the last week in April. Since then the bill has had its ups and downs in the Senate Committee and in joint conference of the Senate and the House; finally on August 28th a compromise bill was agreed upon, wherein the Act was amended so that \$1,000 may be received from any one person at any time, but interest shall be paid only upon \$500; the Government was given latitude in selecting depositories which were not to be confined necessarily to members of the Federal Reserve Association and in certain contingencies all of the deposits might be used for the purchase of United States bonds.

This bill as finally passed was vetoed by the President on September 11th because of the provision permitting deposits in banks not members of the Federal Reserve Association, the President asserting that Government moneys should be kept in institutions most closely subject to Government control. The bill has been reframed to meet the President's objection and was introduced in the House of Representatives on September 17th; all banks now having postal savings funds on deposit are given twelve months in which to join the Federal Reserve Association or relinquish such deposits. The elimination of all banks not members of the Reserve Association from the privilege of receiving postal savings deposits will work a hardship upon some of our members, and the President has been importuned to recede from his position, but without effect.

This, then, is the present situation of that piece of legislation which we believe would have been of greatest danger; we do not apprehend any particular harm from the passage of this bill, but we did fear grave consequences from the removal of all limitations as to the amount, even though interest had been allowed only on a part of the deposit.

We have maintained that in seasons of financial unrest the timid depositor would withdraw his funds from the local savings bank and deposit with the Government; likewise the depositor in commercial banks would be similarly tempted if he were provided with a Government safe deposit vault without cost. This contention has been denied by our opponents, but the recent experience of the New York Postal Savings offices clearly sustains our arguments: From July 24th to August 1st, in eight business days, the excess of their deposits over withdrawals was \$46,067; during the next eight business days, from August 3d to 11th, the excess was \$368,484, or 800 per cent. increase. The extraordinary gain in the deposits of the Postal Savings Banks did not come entirely from hiding places, but undoubtedly much of it came from the local banks; it is fortunate indeed that the present law places a limit of \$100 upon the amount which may be received from a depositor during any one month and limits the aggregate of such deposits to \$500, otherwise the above figures would have been tremendously increased and at the expense of the New York banks.

Other bills are now under consideration in Congress bearing upon Postal Savings Bank legislation; among them is one which increases the rate of interest and which would bring the system into closer competition with existing savings banks. Another is designed to permit the funds to be invested in farm loans.

From time to time it is to be expected that changes will be made in the law and it should be a self-imposed task of this Section to see that these changes are not inimical to the interests of its constituents; it is well within our province, in my judgment, to have a hand in shaping future legislation and in resisting as far as we may the encroachments of paternalism.

Respectfully submitted,

EDWARD L. ROBINSON,

WILLIAM E. KNOX,

Committee.

E. G. MCWILLIAM, *Secretary.*

Detailed Report of Proceedings.

Thirteenth Annual Meeting SAVINGS BANK SECTION, Held at Richmond, Va., October 13, 1914.

RICHMOND, VA., October 13, 1914.

The Thirteenth Annual Meeting of the Savings Bank Section was held in the Auditorium of the Jefferson Hotel, on Tuesday afternoon, October 13, 1914, at 2.30 p.m.

J. F. SARTORI, President, occupied the chair.

THE CHAIRMAN: According to the printed program, the first item this afternoon is the usual President's address. The hour is late and we have two very interesting addresses, of special interest to savings bankers, some routine business, and the reports of committees. I therefore cut my address down so as to make it as brief and formal as possible.

Annual Address of the President, by J. F. Sartori.

This morning we enjoyed a long instructive and well attended joint programme of mutual interest to all the members of both the Trust Companies and Savings Banks Sections.

The relation, present and future, of the State banks, Trust Companies and Savings Banks to the Federal Reserve Act and the system of banks to be operated under its provisions was fully and ably considered.

The large majority of the members of both sections are State institutions. Except the mutual savings banks, these State banks otherwise qualified, have the option of joining the proposed reserve banks, and all, whether they become members or not, are vitally interested in their future operation and effect on the financial, commercial and industrial welfare of the country.

It is the plain duty of us all, even though we do not, or cannot now participate as active members, to extend our cordial good-will and support with the hope that the ultimate result will be an effective banking system suitable in all respects to all the needs of this great nation.

During the past year work of the Savings Bank Section has been carried on with more than customary diligence and effectiveness.

Through the conscientious and thoughtful labors of committees and through the efficient efforts of our Secretary and his uniform courtesy in answering letters and giving detailed statistical and other information to members, our Section has again justified itself and demonstrated its usefulness. In fact, our work has been prosecuted to the fullest extent permitted by the means at our disposal, coupled with the most rigid economy in general expenditures.

Detailed reports of the Secretary and of the various committees, through their respective Chairmen, will follow on this programme, and from these reports which will also be published in the proceedings, the members, as well as the banking fraternity in general, will receive a full and comprehensive knowledge of the Section's activities and progress since the last annual meeting.

As the first savings institution in the United States opened its doors to receive deposits in the year 1816 at Philadelphia, it has been decided by this section to celebrate the one hundredth anniversary of this important historical event in a fitting way at its 1916 annual meeting.

It has, therefore, occurred to us that Philadelphia would be a desirable place in which to hold the convention of the American Bankers' Association in that year.

To this end it is recommended that the Methods and Systems Committee and our officers be charged with the duty of prevailing upon the bankers of Philadelphia to extend an invitation, and the further duty of prevailing upon the Association to accept such an invitation if extended.

MEMBERSHIP.

Since the organization of this Savings Section its membership has annually and constantly increased until on September 1st, 1913, it had reached the number of 2,378. Although 175 new members have since been enrolled, the membership is now 2,217—a net loss of 161.

This loss is largely due to the operation of the new constitution of the A. B. A. as adopted at the annual convention held in Boston last year.

This new constitution has affected the interests of the Savings and Trust Sections in four ways:

First. The representation of each Section on the Executive Council has been reduced from three to two.

Second. The official staff of each Section entitled to reimbursement for traveling expenses when attending Spring meetings of the Executive Council and Fall meetings of the Association is reduced to nine members of the Executive Committee—the President and the last retiring President—instead of the last three retiring Presidents, as heretofore.

Third. All by-laws have, therefore, been drafted in all respects conforming in letter and spirit to said new constitution, approved by our Executive Committee—submitted to and approved by the general Executive Council.

Fourth. "Any member of the Association may become a member of such Section as may best benefit such member's business interests." The first three restrictions have to a certain extent limited the powers and privileges of the Savings and Trust Sections, but they are not virtually material and do not call for any serious complaint.

The last mentioned restriction, however, construed to mean that members' banks of the Association can only join one of the Sections, instead of both the Trust and Savings Sections, as heretofore, is of more consequence, in that it adversely interferes with an important object or function of the Association, that is to make itself useful in the greatest degree possible to its members, so as to attract more members.

Many banks are doing both a trust and savings as well as a commercial business; the tendency in this direction is ever increasing. While many of them are not yet legally segregating assets, they are really doing a departmental business, and evidence the fact by having an official and clerical force particularly devoted to the care and upbuilding of each class of business. Those interested in the saving work will naturally desire to identify themselves with the Savings Section and feel free to participate in its benefits and activity. The same is true of those engaged in trust affairs. They will want to participate and be identified with the Trust Section. To limit membership to one Section seems to be an unnatural interference with the growth and utility of both, and serves no useful or necessary purpose. An amendment to Section 1, Article 10, of the constitution, has therefore been advocated to provide as follows: "Any member of the Association may become a member of such Section or Sections whose constitution or by-laws permit of such membership as may best benefit such member's business interests, provided, however, that no member shall have the right to vote for officers in more than one Section and shall at the time of becoming a member in more than one Section designate in which Section it will exercise the right to vote for officers by giving notice to the Secretary of such Section, which designation cannot be changed until an intervening annual election."

It is gratifying to report that this amendment was approved by the Executive Council during its meeting yesterday and will be submitted to the general convention on Thursday or Friday next.

If adopted, the members who have resigned because they could not belong to more than one Section will, no doubt, all return, and together with the annual new enrollment, should make a record new membership in the coming year.

All present here to-day are earnestly urged to support this necessary amendment with your favorable vote.

Attention is again called to the excellent book entitled "The Saving Bank and Its Practical Work," edited by our former Secretary, Mr. William H. Kniffin, Jr., and published by the Bankers Publishing Co., of New York.

This, together with the new book of forms, edited by our present Secretary, should be in the library of every bank engaged in receiving savings deposits. They will serve as invaluable text books for all who ought to know the history, purposes and ethics of the savings bank and its practical operation as exemplified by the well selected and most approved forms, methods and systems of leading institutions. Our Section has been exceedingly fortunate in the thirteen years of its existence in having had three very energetic and capable Secretaries, Mr. William Hanhart, now deceased, Mr. William H. Kniffin and Mr. E. G. McWilliam. An efficient and resourceful Secretary is an indispensable aid to any organization, and particularly to such an organization as this, whose general officers and committeemen must frequently be selected from widely scattered sections of the country.

Much of this Section's utility and success must be attributed to the intelligent and untiring efforts of these Secretaries, and to each of them is due our tribute of respect and gratitude.

It has been my good fortune and the Section is to be congratulated that its Vice-President, Mr. W. E. Knox, is a resident and banker in New York City. With full authority to act, he has performed many of the duties and assumed many of the burdens of the Presidency.

My personal association with the members and entire official staff from the beginning has been exceedingly pleasant and profitable. I appreciate the friends I have made and am deeply sensible of the many courtesies that have been shown me. It is my sincere hope that I may be able to meet with you often in the future and be of service whenever possible.

The next item in the order on the programme is the report of our Executive Committee by Mr. N. F. Hawley.

Report of the Executive Committee, by N. F. Hawley, Chairman.

[We print the Executive Committee's report on page 173.]

THE CHAIRMAN: If there are no objections, this report will be received and entered upon the minutes. It is so ordered.

We will now listen to the report of the Secretary, Mr. E. G. McWilliam.

Report of the Secretary, E. G. McWilliam.

[The Secretary's report will be found on page 173 of this publication.]

THE CHAIRMAN: If there is no objection, this report will take the usual course.

It has been suggested that we now hear the addresses, and postpone the further reports until later on in the proceedings.

I now have the pleasure of presenting Mr. A. M. Harris, of Harris, Forbes & Co., New York, who will address us on the subject of "Savings Bank Securities in the Light of Recent Events."

Savings Bank Securities in the Light of Recent Events, by A. M. Harris.

[The paper of Mr. Harris is printed at length on page 164.]

THE CHAIRMAN: We are certainly under great obligations to Mr. Harris for his able and instructive address.

We will now be favored by Mr. E. C. McDougal, who will

speak to us on "Recent Amendments to the Savings Bank Law of New York and the Reasons for Such Amendments." Mr. McDougal is President of the Bank of Buffalo, Buffalo, N. Y., and he has also been a member on the Sub-Committee of Savings Bank of the Commission appointed to revise the Banking Law of New York. Therefore, he knows his subject well. I take great pleasure in presenting Mr. McDougal.

Recent Amendments to Savings Bank Law of New York and Reasons for Such Amendments.

[Mr. McDougal's paper in full is printed on page 169 of this publication.]

RESOLUTION REGARDING FARM MORTGAGES RECEIVED.

MR. CHAMBERLAIN: Mr. Chairman, on behalf of the Farm-Mortgage Bankers Association, I desire to present a resolution which I have already referred to several of your executive officers, and with your permission I would like to present it now.

I might state, before reading it, that I was very much interested in Mr. Harris' address, where he stated the hardships that he had in the New England States with reference to having them invest in municipal bonds, and also railroad bonds.

This resolution simply outlines the laws of New England and the restrictions there. All the Farm-Mortgage Bankers Association asks of you is to receive it and file it.

Whereas, The laws of several of the Eastern States prevent Savings Banks, Trust Companies, Trustees, Guardians and Conservators from investing in farm mortgages upon lands outside the respective States, and thus deprive investors of the opportunities to take choicest securities—mortgages upon improved and productive farm lands in our best agricultural States and also deprive the farmers of the opportunity to borrow, for the development of their lands, the surplus funds of the States where such laws are enforced;

Now, therefore, be it Resolved, That the Farm-Mortgage Bankers' Association of America make vigorous effort to secure the repeal of such laws, and that this Association urge the American Bankers' Association to cooperate in such effort;

Resolved, Also, that Edwin Chamberlain, J. W. Wheeler, E. L. Johnson, Peter H. Saunders and John Lee Coulter, be and they are hereby appointed a committee from this Association to present the matters mentioned in these resolutions to the American Bankers' Association and to its proper Sections and officers, and to solicit their co-operation, and to take all such lawful action as to them seems proper to induce the repeal of such laws.

I merely ask for the receiving of it and filing of it as a resolution.

MR. PALMER: I move that the report be received and filed and referred to the Executive Committee.

Which motion was duly seconded and unanimously carried.

THE CHAIRMAN: On behalf of the Executive Committee and all the members, I want to express our sincere thanks for the efforts made by Mr. Harris and Mr. McDougal in coming down here, and for their excellent and able addresses.

We will now return to the regular order of business as set forth in the program.

The adoption of By-Laws. The Constitution of the American Bankers Association provides that all sections of by-laws must be approved by the Executive Council. It therefore became necessary for us to redraft our by-laws, which the Executive Committee has done. These by-laws were referred to the Executive Council yesterday and approved by them. There are twelve sections. Do you want them read?

MR. STEPHENSON: I move the reading of the by-laws be dispensed with. The pamphlets have been generally distributed and the members know what is contained therein, and since they have been revised and referred to the Executive Council for their examination and approval, I think we can dispense with it. I make that as a motion.

Which motion was duly seconded and unanimously carried.

MR. HAWLEY: I move their adoption.

Which motion was duly seconded and unanimously carried.

BY-LAWS OF THE SAVINGS BANK SECTION.

ADOPTED BY THE EXECUTIVE COMMITTEE APRIL 30, 1914, AND SUBMITTED TO THE EXECUTIVE COUNCIL AND MEMBERS OF THE SECTION FOR APPROVAL AT RICHMOND.

MEMBERSHIP.

1. In accordance with Section 1, Article X of the Constitution of the American Bankers Association, any member of the Association which conducts a savings business may become a member of the Savings Bank Section.

ADMINISTRATION.

2. The administration of the affairs of this Section shall be vested in the President, First Vice-President and the Executive Committee from among whom the First Vice-President shall be chosen.

OFFICERS.

3. The President and First Vice-President shall be elected by the members of the Section at its annual meeting. The President shall preside at all meetings of the Section and Executive Committee and perform any other duties incident to his office. The Vice-President shall assume the duties of the President in his absence.

EXECUTIVE COMMITTEE.

4. The Executive Committee shall be composed of nine members, three of whom shall be elected each year by members of the Section at its annual meeting. Members of the Executive Committee shall be

elected to serve for a period of three years beginning with the next meeting of said Committee following such election.

5. The President shall be an ex-officio member of the Executive Committee, and each retiring President shall also be an ex-officio member of said Committee for a period of one year after his expiration of office. All other ex-Presidents may act in an advisory capacity to the Executive Committee and may attend its meetings and participate in its deliberations. Such other ex-Presidents, however, shall not be entitled to vote or to reimbursement for traveling or hotel expenses.

6. The Executive Committee shall have power to fill vacancies until the next annual meeting and may adopt all necessary rules for the business of the Section. It may also, subject to the approval of the Executive Council of the American Bankers Association, employ a secretary and stenographer and authorize the expenses necessary in carrying on the business of the Section.

7. No officer or member of the Executive Committee shall be eligible for re-election until one year following the completion of a full term of office.

8. The President and Vice-President shall represent the Section in the Executive Council of the American Bankers Association.

OTHER OFFICERS.

9. Each State having not less than five savings institutions, members of the American Bankers Association, shall be entitled to a Vice-President of the Section. Such Vice-Presidents shall be appointed annually by the President and shall act generally in an advisory capacity to the Executive Committee.

OTHER COMMITTEES.

10. All standing Committees of this Section shall so far as practicable be composed of members of the Executive Committee.

MEETINGS.

11. An annual meeting of this Section shall be held during the week of and at the place where the annual convention of the American Bankers Association is held, and at least one meeting of the Executive Committee shall be held during the year coincident with a meeting of the Executive Council of the American Bankers Association.

AMENDMENTS.

12. These by-laws may be amended by the Section in annual session by a two-thirds vote of the members present. Such amendments, however, shall not become operative until approved by the Executive Council of the American Bankers Association.

THE CHAIRMAN: The next order of business will be the report of Methods and Systems Committee by Mr. V. A. Lersner.

Report of the Methods and Systems Committee, by V. A. Lersner.

[We print the report of the committee on page 173.]

THE CHAIRMAN: Without objection, this report will be received and entered upon the minutes.

The next will be that of the Membership Committee by Mr. G. E. Edwards, the chairman.

Report of the Membership Committee, by G. E. Edwards.

[The report of this committee will be found on page 174.]

THE CHAIRMAN: Without objection, this report will take the usual course.

The next report is that of the Law and Segregation Committee, N. F. Hawley, chairman.

MR. HAWLEY: Mr. Chairman, there is no recommendation in this report. I suggest that it be simply filed.

THE CHAIRMAN: If there is no objection, the report will be received and filed, and take its usual course. It will appear in the book of proceedings of the minutes.

Report of Committee on Law and Segregation.

[The reader will find this report on page 174.]

THE CHAIRMAN: The next order of business will be the report of the Special Committee on Postal Savings Legislation, Mr. E. L. Robinson, chairman.

Report of Special Committee on Postal Savings Legislation.

[This report is given on page 175.]

THE CHAIRMAN: This report will take the usual course.

While our thanks are due to all of our committees for the excellent work done by them, we are under special obligations to this particular Committee. It has done exceedingly well, especially considering what it was up against.

NOMINATIONS AND ELECTIONS.

The next order of business will be the report of the Nominating Committee. That Committee was appointed through the Executive Committee, with Mr. Palmer as its Chairman.

MR. PALMER: Gentlemen, this is the report of the Committee:

For President, William E. Knox, Comptroller Bowery Savings Bank, New York.

For Vice-President, Newton F. Hawley, Treasurer, Farmers and Mechanics Savings Bank, Minneapolis.

Members of the Executive Committee:

George E. Edwards, President, Dollar Savings Bank, New York.

Joseph R. Noel, President, Northwest State Bank, Chicago.

W. R. Meakle, Secretary, Paterson Savings Institution, Paterson, N. J.

Member Executive Committee to fill unexpired term of Mr. Rose, deceased, term expiring 1915:

James Dinkins, Vice-President, Jefferson Commercial and Savings Bank, Gretna, La.

MR. LERSNER: I move its adoption.

THE CHAIRMAN: I think a motion would be in order to declare the nominations closed.

MR. SAYLER: I make that motion.

Which motion was duly seconded and unanimously carried.

MR. CABLE: I move the Secretary be directed to cast the ballot of the Association for the officers named in the recommendation.

Which motion was duly seconded and unanimously carried.

THE SECRETARY: The ballot is so cast.

THE CHAIRMAN: The Secretary informs me that he has cast the ballot, and I declare the gentlemen named duly elected for the respective positions.

The next order of business will be the installation of the officers.

Mr. Knox, it is my duty to present you with this emblem, which signifies that you are now president. I congratulate you and the Section upon your election.

CHAIRMAN KNOX: Gentlemen, I thank you for this honor that you have done me, and I want to express now publicly to every member of the Section that it has been a genuine pleasure to work as I have worked, to the best of my ability, for the best interests of the Section of the American Bankers' Association, and of the Savings Banks' interests in general.

The thing that made my work such as it was, easy and delightful, was my association with men like Mr. Sartori; before him, like Mr. Stephenson, like Mr. Robinson, and so on all the way along up the line. It is a very great honor, I conceive it to be, worthy to be able to follow along after such a line of so eminent Savings Bank men, every one of whom has given excellent service to the Savings Bank Section.

Mr. Hawley, this being in the nature of a continuous performance, it gives me a great deal of honor to pass along the badge of Vice-President to you. I congratulate you very heartily upon your election to the office.

MR. HAWLEY: Gentlemen, it has been a most sincere pleasure on my part to serve what little I have in the past in this Section, and I assure you it will be a pleasure to serve in the future. I thank you.

THE CHAIRMAN: Gentlemen, I have an announcement to make, that immediately at the close of this meeting there is to be a meeting of the Executive Committee upon the platform. So all the members, both the newly elected members and the old members, will please step forward to the platform after the meeting.

MR. ROBINSON: I would like to offer a vote of thanks, on behalf of our Secretary, to the management of this hotel and to the people of Richmond for the instinted hospitality which we have been receiving at their hands during the past few days. We all know something of the flavor of the Southern hospitality, and we believe that in Richmond we are enjoying Southern hospitality at its very best. And I think it not only proper, but I think it a privilege at this time, to so express ourselves as being highly appreciative of the gallantry of their men, of the beauty and kindness of their women, and of the hospitality of all sorts that we have been receiving at their hands.

MR. DINKINS: Mr. Chairman, I second the motion, and suggest that we have a rising vote.

The motion was unanimously carried by a rising vote.

MR. STEPHENSON: I want to make a motion that we extend a vote of thanks and our appreciation to the officers and members of the Executive Committee, and to the members of the various committees of the Savings Bank Section, for the efficiency and effective work they have performed during the last year.

Which motion was duly seconded and unanimously carried.

THE CHAIRMAN: Is there any further business, gentlemen? Upon motion, duly seconded, the meeting adjourned.

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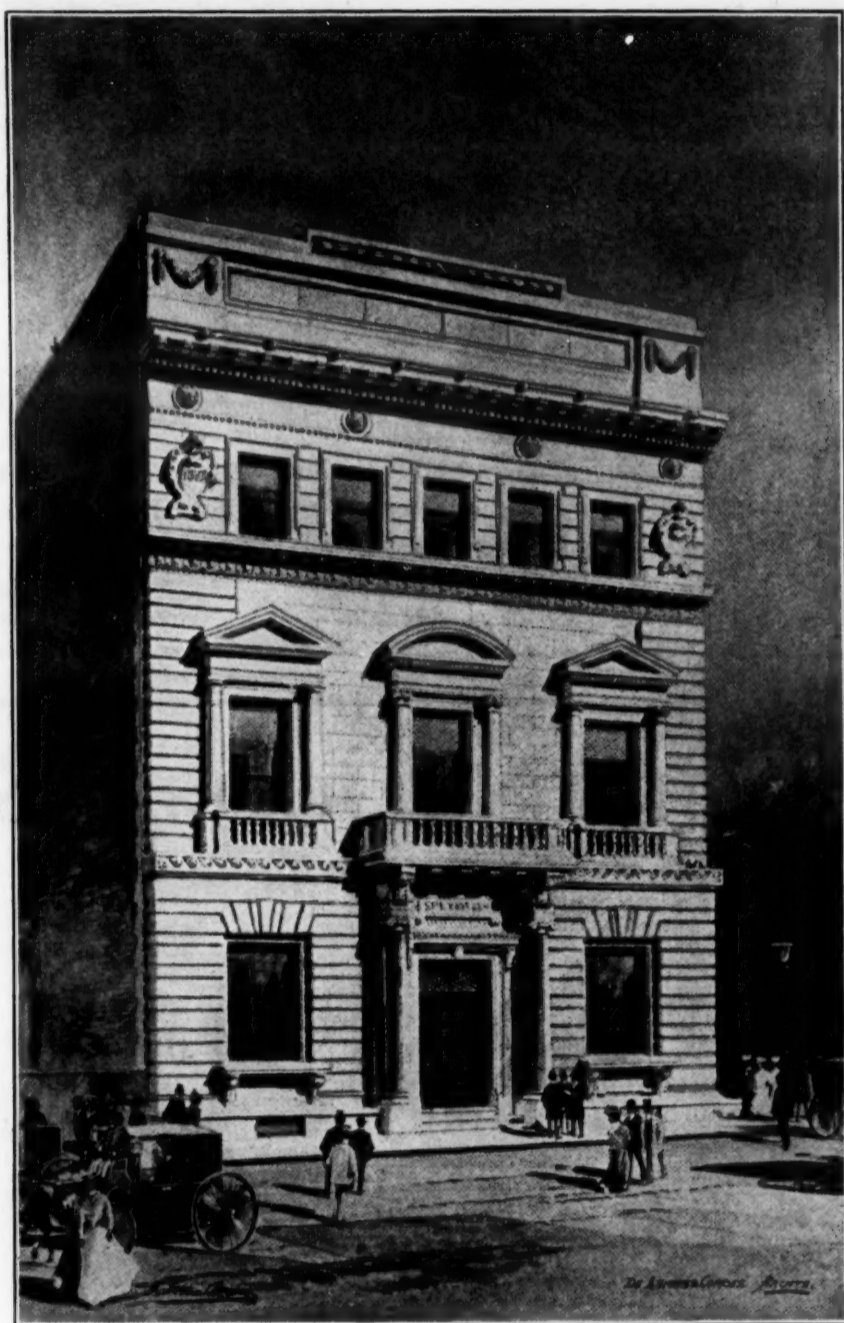
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